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**FERREXPO PLC**

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**Executive summary**

This paper covers the financial analysis of Ferrexpo PLC and the evaluation of its performance about Fresnillo PLC. Profitability, liquidity, and efficiency ratios are assessed to determine the organisation’s strategic advantages and shortcomings. The analysis raises questions about the efficiency of Ferrexpo’s liquidity position but shows that the firm’s profitability is in a healthy state. The proposition of a strategic improvement plan points towards future increases in profitability concerning strict control of costs and maintenance of efficacious operations. Market and book value indications favour a 10% acquisition of Ferrexpo for investors.

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# Introduction

The purpose of this report is to evaluate and compare the financial and operating performance of Ferrexpo PLC against the industry benchmark companies, where a major emphasis is placed on Fresnillo PLC. Based on the computation of the most influential financial ratios and coefficients, this analysis aims to reveal the major advantages and disadvantages of the company’s activity, possible advantages, and threats. Also, the report will have an assessment of profitability, liquidity, and efficiency of Ferrexpo, pointing at its strong and weak points. From the above discussions, an organisational strategy will be proposed to improve future profit. There is also a recommendation for investment to a client who is interested in buying a stake of 10% of Ferrexpo using book and market value appraisals. In other words, the proposal for using the identified models is to obtain practical recommendations to promote decision-making improvement for the involved stakeholders.

## Overview of Ferrexpo PLC

Ferrexpo PLC is based in Switzerland, but has principal operations in Ukraine and is the world’s largest producer of iron ore pellets. The company is a major player in the global steel markets directly supplying high-quality iron ore pellets that are useful in steel making. Some of the activities that are undertaken by Ferrexpo entail; mining, processing, as well as transportation since the organisation enjoys an integrated supply chain (Ferrexpo, 2024). It focuses on the environmental factor that reduces the negative impact of the organisation's activities on the environment and the social factor that assists in improving the level of interaction with the community. Due to the sound financials and market positioning and due to global trends, such as car production and construction, Ferrexpo stands a good chance of performing well.

## Overview of Fresnillo PLC

Fresnillo PLC is a global company dealing with the mining of precious metals with its origin in Mexico City Mexico. It is the world’s largest primary silver-producing company and also among the largest silver and gold producers in Mexico. This company has and manages several mines in Mexico as the Fresnillo, Saucito and Herradura mines (Fresnilloplc, 2024). It mainly engages in the exploration, development and production of silver and other commodities with a central emphasis on the policy of prudent and environmentally friendly mining. The firm constantly spends on technological developments and exploration activities in a bid to sustain and expand its resource base. A strategic vision and a well-defined and effective corporate model place Fresnillo at the forefront of the world’s precious metals market and create sustainable value for its shareholders.

# Financial and Operating Performance Analysis

## SWOT and PESTLE Analysis

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| * Strong financial performance with high profitability ratios. * Efficient operations with low inventory turnover days. * Strong liquidity position with high current and quick ratios. * Robust interest coverage ratio indicating ability to meet debt obligations. | * Dependence on iron ore prices leads to revenue volatility. * Limited diversification, focusing mainly on iron ore. * High sensitivity to geopolitical risks due to operations in Ukraine. * Decreasing net income over the past year. |
| **Opportunities** | **Threats** |
| * Expansion into new markets can diversify revenue streams. * Investing in sustainable mining practices could improve market image. * Technological advancements to improve operational efficiency. * Strategic partnerships to enhance market presence. | * Fluctuating global iron ore prices impacting profitability. * Political instability in operating regions could disrupt operations. * Increasing regulatory pressures related to environmental impact. * Competitive pressure from other mining companies |

**Table 1: SWOT analysis of Ferrexpo PLC**

(Source: Ferrexpo, 2024)

**PESTLE Analysis**

***Political Factors:***

The UK’s political risk index is also high purely for the fact it has a stable government low levels of corruption and excellent policies. It has a legal framework of constitutional monarchy and a parliamentary system of government. The government is headed by the Prime Minister while the monarch serves more in an emblematic capacity (Waverley, 2024). Some of the most important political parties currently are the SNP, The Labour Party, The Lib Dems and the Tories.

***Economic Factors:***

The UK has a diverse and stable economy with a nominal GDP of $2.744 trillion in 2019 making it the 6th largest economy in the world. The country’s per capita income level was $41,030, putting the country in the league of the Top twenty richest countries. The economy is diversified across various sectors including the financial, technology, health, manufacturing and several other sectors which have received lots of FDI (Dalirazar and Sabzi, 2023). The current corporate tax rate in Nigeria is 19% to do it further to 18% may attract more investors. The inflation rate for the United Kingdom was 1.94% as of the year 2020, although it is minor above the intended inflation rate of the Bank of England which stands at 2%. The unemployment rate hovered at around 38% at the beginning of the year 2020 testifying to a sound labour market.

***Social Factors:***

The forecasted population of the United Kingdom is 74 million by 2039 through a higher birth rate as compared to the mortality rate. This demographic change process is both a chance and a risk factor as far as specific sectors, such as the labour market and healthcare systems, are concerned (Xuân and Thu, 2023). The general health care system in the UK is fairly developed and famous for different services as it provides medical treatments for international patients.

***Technological Factors:***

The United Kingdom is in the elite of countries specialising in research and development where its institutions set new records in various fields. As argued by Hong *et al*., (2023), the economy of the country is quite a good one for business people and great chances for inventors mainly in the technological industries. British tech institutes are known to perform better than those in countries like India, Japan and the US, and are instrumental in the development of many sectors and the economy.

***Legal Factors:***

The legal requirements of a business when operating in the UK include the Employment Act 1996, which addresses aspects of fair labour in sick pay, minimum wages, and working leave. The Equalities Act 2010 helps in the protection of persons being discriminated against in the civil sphere due to their race, gender or colour (Tsvetkova *et al*., 2024). These laws ensure that the business environment as well as employment is properly regulated and thus provide stability to both the employers as well as employees.

***Environmental Factors:***

Industrialisation in the UK has implications on the natural environment for instance pollution and has to be managed. However, the government, private sector, and non-profit organisations heavily invest in environmental conservation, recyclable products, and minimising the use of plastics. The UK’s climate is also unpredictable making it difficult at certain times of the year but a summer climate is a selling point to tourists and hence boosts the economy.

## Ratio Calculations

Ferrexpo PLC can be described as a large-scale mining company whose main business is in the export of iron ore pellets. To evaluate its financial and operating performance, we will compare Ferrexpo PLC with another important company in the mining industry, but operating within the sphere of precious metals such as silver and gold – that is Fresnillo PLC. This way, based on the analysis of the firm’s financial ratios and operational performance indicators, this section seeks to establish Ferrexpo’s performance in the context of the industry.

### Profitability Analysis

The profitability ratios give information about the company’s capability of making profits from sales, assets and equity. From the above analysis of Ferrexpo PLC and Fresnillo PLC's profitability performance, it is proved that the two firms have different performances.

***Return on Equity (ROE)***

Analysing the key efficiency, namely, the ROE, it is possible to state that Ferrexpo’s rates declined from 46.82% in 2021 to 17.23% in 2022 evidencing the significant worsening of the utilising of shareholders’ equity for generating the company’s profit. On the contrary, Fresnillo's ROE was rather stable and reached 5.89% in 2022. This indicates that previous to the latest financial year, Ferrexpo had been more successful in its attempts at creating profits than it has as of late, thus lessening the difference between it and Fresnillo (Singh, 2023).

***Return on Assets (ROA)***

In the same way, it also reduced Ferrexpo’s return on assets, or ROA, from 41.00% in the year 2021 to 15.90% indicating the lower efficiency of the business in using its assets to generate earnings. Ferrexpo’s ROAD in 2022 was 11.84% whereas Fresnillo's was 4.18% in 2022 but is comparatively more strategic than the former. Thus, using the data on asset intensity, we can conclude that while Ferrexpo’s asset utilisation rate was higher than that of its competitors in the previous year, the recent drop in the indicator can be interpreted as an indication of problems with asset productivity (Prabhakar and Japee, 2023).

**Figure 1: Profitability performance**

(source: Ms-Excel)

***Operating Margin***

The operating margin of Ferrexpo has also declined from 54.72% in 2021 to 29.29% in 2022 which indicates a lower percentage of sales which have been turned into operation profit. While the operating margin was relatively higher in AngloGold, it was significantly higher for Fresnillo, with the latter recording a whopping 418% in 2022 this is because Fresnillo specialised in precious metals, which has high operating margins (Ulfah and Nurzianti, 2023). This clear comparison points towards the fact that Fresnillo has a much better manner of controlling its operational costs and has a higher ability of revenue retention as compared to Ferrexpo.

***Net Profit Margin***

The net profit margin which is the proportion of its revenue that goes to net profit declined from 54.58% in the year 2021 to 18.98% in the year 2022. Fresnillo’s net profit margin was significantly lower, this was because it operates and has an entirely different business model and cost structure (Pratiwi and Noveria, 2023). It shows that although Ferrexpo claimed a higher net profit margin, there is a signal that its recent performance is declining.

### Liquidity Analysis

Liquidity ratios present methods through which a firm can accomplish its short-term financial obligations using its most accessible resources. Ferrexpo PLC and Fresnillo PLC analysis gives more information about their financial position and short-term solvency.

***Current Ratio***

The current ratio shows the organisations or company’s capability to address short-term obligations through short-term resources. Ferrexpo's current ratio has also been reduced from 2.73 in the year ended 2021 to 1.79 in the year ended 2022. This was a signal that there could be a smaller ability to meet its near-term obligations and, thus, possible liquidity constraints. On the other hand, the current ratio was 2.14 for Fresnillo in the 2022 report, which shows that the firm has a better ability to address short-term obligations compared to the Ferrexpo case (Djohan, 2023).

**Figure 2: Liquidity Analysis**

(source: Ms-Excel)

***Quick Ratio***

Further, the quick ratio which excludes the inventory from current assets gives a stricter account of a company’s liquidity. Looking at the quick ratio, this was 183 in 2021 and reduced to 1.27 in 2022. This decline points to a decrease in its near cash assets which suggests that there might be a problem in the firm’s ability to meet its near-term obligations without tapping the inventory. Fresnillo’s quick ratio of 1.42 in 2022 proves that it is better placed to meet the short-term liabilities thereby having better immediate liquidity than Ferrexpo (Purwanti and Warasto, 2023)

***Cash Ratio***

The last on measure of liquidity is the cash ratio which considers cash and cash equivalents and current liabilities. Ferrexpo has shown a reduction in the ability to pay interest and debts by the use of cash due to a dark reduction in its 2022 cash ratio of 0.92 as contrasted with the 2021 cash ratio of 1.46. That means Fresnillo has slightly less ready cash, 0.71 it is, which is however still a more balanced and ready money position than Ferrexpo (Chairunisa *et al*., 2023).

### Efficiency Analysis

Activity ratios assess the ability of the firm to employ the assets and also the effectiveness in administering the operations. When looking at Ferrexpo PLC and Fresnillo PLC it will be possible to determine the operational performance and the actual utilisation of resources.

***Inventory Turnover***

Inventory turnover is a stock turnover which determines how many times the existing stock is sold and restocked in a given period. The same value applied to the next year’s result In the same year, the value of the inventory turnover ratio of Ferrexpo was 60, which indicates the volume of sales and purchases of the inventory during the year, 6 times. This is well-managed stock control and increased market demand for their commodities. The inventory turnover ratio indicates that Fresnillo actively circulates its inventories as its 2022 ratio was 45, meaning it must have inventory turnovers 4.5 times. This is still relatively efficient but has come down a bit below Ferrexpo implying a slightly slower rate in the sales of its stock (Sunaryo and Lestari, 2023).

***Asset Turnover***

Asset turnover reveals the extent to which a firm utilises its assets to generate sales. Ferrexpo’s asset turnover of the index was 0:07 in 2022, and the company made 70 per pound of assets held in 2022. This ratio has reduced from 0.8 in 2021 thus denying further implication that the firms have become more efficient in utilising their assets than before. On a similar note, Fresnillo’s asset turnover ratio was 0.5 in the year 2022. Consequently, this lower ratio compared to Ferrexpo can be interpreted as indicating that Fresnillo is less efficient in generating sales revenue as compared to the amount of assets that it has (Yusup and Hariani, 2023).

***Receivables Turnover***

Analysing these line items, the receivables turnover determines the efficiency the company is in collecting the credit. From the viewpoint of the receivable’s turnover ratio, Ferrexpo received money on average from 5.51 of the accounts receivable fifty-five times in 2022. This points to proper credit control and efficient recovery of amounts due from debtors. The above analysis reveals that while Fresnillo has a receivables turnover ratio of 40 it means that Fresnillo collects its receivables four times every year, which means that it is somewhat slower than Ferrexpo in collecting outstanding credits.

**Figure 3: Efficiency Analysis**

(source: Ms-Excel)

***Days Sales Outstanding (DSO)***

Accounts Receivable Turnover formula calculates the frequency of collecting all due amounts from clients and DSO approximates the time it takes to receive payment for products sold. Ferrexpo had a DSO of 66 days for the fiscal year ending 2022 and Fresnillo with a DSO of 91 days. With a DSO figure lower than that of Mittal Steel Company, Ferrexpo’s cash collection is also quicker and therefore improves its cash flow (Rebuin *et al*., 2023). On the indicator of DSO, Fresnillo has a higher figure relative to that of Gold, signalling that the company may take a longer time to receive money for the products and services it issued.

### Leverage Analysis

Leverage ratios concern the balance performed by a company by resources borrowed and owned and wherein it stands in comparison to equity and assets  (Engda, 2023). A signifying reduction in the DE ratio of Ferrexpo from 0.18 in the financial year 2020 to 0 is noted. Analysing the data shown in Table 2021 and 2022 realised that there has been a decrease in the level of debt (Igwe, 2024). The equity multiplier for Fresnillo is 1.41 by 2022 which shows that the firm has high financial leverage. Financially, Ferrexpo’s interest coverage ratio, which records its ability to meet all interest expenses, was high and rose to 297.00 in 2022 from 80.29 in 2020, which was a very strong assertion relative to interest obligations (Yimam *et al*., 2023). On the other hand, Fresnillo has a modest interest coverage ratio of 2.42 in 2022 revealing that the firm has low earning availability as compared to its interest expenses  (Harasheh and De, 2023).

**Figure 4: Leverage Analysis**

(source: Ms-Excel)

### Valuation Analysis

Valuation ratios assist investors in determining the market price per share in consideration of its earnings. Analysing the sourcing of the market from the financial statements, there is an increase in the ranking from 2.61 in 2021 to 8.03 in 2022 this is an indication that there has been an increase in the Sourcing Market Price per unit of Earnings (Damodaran, 2024). Fresnillo has a much higher P/E ratio of 24.03 in 2022 which shows that for each dollar of earnings, investors are willing to pay more probably because the company shows steady returns in the precious metals. The book value per share, a figure that gives an idea of the per-share value of a company based on its equity available to investors, fell from £2.30 for the year ended December 2021 to £1.76 for the year ended December 2022 (Sajeetha *et al*., 2023). Fresnillo’s book value per share shed a little weight from £4.42 in 2021 to £4.33 recorded in 2022. Profit declined from £2.15m in 2021 to £0.30m in 2022 and the EPS also reduced from £1.07 in 2021 to £0.30m in 2022. Fresnillo’s EPS has also gone down from £0.30 in 2021 to £0.26 in 2022 but not to the extent of Ferrexpo. Analysing the dividend yield, which shows the annual dividend divided by the price of the stock, it was 2.55% in 2021 and 3.11% in 2022 proving that the company pays desired dividends to its shareholders (Silaban *et al*., 2024). Fresnillo has a dividend yield of 0.78% for the calendar year 2021; however, the figures for the year 2022 are missing, therefore the comparison is difficult.

**Figure 5: Valuation Analysis**

(source: Ms-Excel)

It is seen that Ferrexpo PLC and Fresnillo PLC have different financial and operational characteristics that define them as companies with advantages and disadvantages. Liquidity ratios reveal that Ferrexpo has a good liquidity position hence efficient debt management though it has lower profitability and slow inventory turnovers. Comparing the above metrics, Fresnillo has exhibited better stability and improvement in some of the profitability measures and inventory management but higher leverage and a lower interest coverage ratio than PV. Each firm has its general challenges and opportunities from the industries for which they belong; Ferrexpo Company is more affected by fluctuating iron ore prices and geopolitical factors in their operational areas than Fresnillo which is affected by fluctuating precious metal prices as well as the regulatory framework in operation territories. By gaining cognizance over these dynamics, it is now possible to better appreciate their positions and/or strategies in the mining industry.

# Recommendation for Future Profitability

Initiative: Optimise the Use of JIT Inventory System

According to the efficiency analysis, the table shows that Ferrexpo PLC has good inventory management with an inventory turnover ratio of 60 / 45 in comparison to Fresnillo PLC. To increase the profits even more, there are recommendations for Ferrexpo to adopt the Just-In-Time (JIT) technique of inventory management. JIT is directly concerned with reducing inventory holding costs which have been achieved through close coordination of production with the demands of the market (Prabhakar and Japee, 2023).

**Assumptions:**

1. Ferrexpo can successfully implement the JIT system within a year.
2. Inventory holding costs currently account for 15% of the total inventory value.
3. The JIT system will reduce inventory holding costs by 50%.
4. This reduction in holding costs will directly translate to increased profitability.
5. Sales and production levels remain constant.

**Impact on Ratios:**

**Inventory Turnover Ratio:** Currently, Ferrexpo's inventory turnover ratio is 6.0. By implementing JIT, the frequency of inventory turnover can be increased due to reduced holding periods  (Pratiwi and Noveria, 2023). Assuming JIT improves the turnover ratio by 20%, the new ratio would be:

New Inventory Turnover Ratio = 6.0×1.20=7.2

**Gross Profit Margin:**

By bringing down the holding costs of inventory, the firm’s gross profit margin shall be improved. If the current begins from £100 million, the holding cost at 15% will be £15 million. A cut in holding costs in half would come to £7.5 million annually.

Given Ferrexpo's revenue of £1 billion, the gross profit margin before JIT implementation is 40%. Incorporating the cost savings:

Gross Profit=(Revenue × Gross Profit Margin)+Savings

New Gross Profit=(1,000×0.40)+7.5=407.5 million

New Gross Profit Margin = 407.5/1,000​=40.75%

**Return on Assets (ROA):** Assuming total assets remain at £1.5 billion, the increased profitability will enhance ROA. Before JIT:

ROA=Net Income​ / Total Assets

Assuming Net Income=£200 million

ROA= 200//1500 = 13.33%

Post-JIT, the net income increases by the cost savings:

New Net Income=200+7.5 = 207.5 million

New ROA=207.5/1500 = 13.83%

The JIT inventory management has the potential of enhancing the company’s profitability by cutting its holding costs besides increasing the GPM and return on assets. The benefits of this initiative relate well to Ferrexpo’s areas of speciality, in particular, inventory management thus enhancing overall performance (Singh, 2023). The fact supports the significance of the JIT application where the improved inventory turnover ratio, the higher gross profit margin, and increased ROA affirm the company’s improvement in its profitability.

# Investment Advice

**Estimation of Company Value:**

1. **Book Value:**
   * **Total Equity:** £1.8 billion (assumed).
   * **Book Value per Share (BVPS):** £1.8 billion / 500 million shares ​=£3.60
   * **Total Book Value:** £1.8 billion.
2. **Market Value:**
   * **Current Share Price:** £6.00.
   * **Market Capitalization:** \£6.00×500 million shares  =£3 billion.

**Cost of 10% Shares:**

* **Book Value:** \£1.8 billion×0.10=£180 million.
* **Market Value:** \£3 billion×0.10 =£300 million.

**Investment Advice:**

**1. Strong Financial Performance:**

* Ferrexpo’s robust profitability and high return on assets (13.83% post-JIT implementation) indicate efficient management and strong earnings potential.

**2. Market Position:**

* Ferrexpo’s dominant position in the iron ore market, with a consistent customer base and competitive advantages, provides stability and growth prospects.

**3. Growth Potential:**

* The implementation of the JIT system is expected to enhance operational efficiency, leading to improved financial performance and higher shareholder value.

Given these factors, purchasing 10% of Ferrexpo’s shares for £300 million (market value) appears to be a sound investment with promising returns and growth opportunities.

# Conclusion

Overall, the evaluation of Ferrexpo PLC financial and operational performance presents another sound Firm with significant credit in the profitability and efficiency ratios. However, they are needed for improvement on the availability of liquidity and other financial indicators compared to the competitor of the Fresnillo PLC. The recommended strategic initiative is to support the need for greater profitability and the improvement of the company’s position on the market. To the shareholders, it seems to be a wise decision to invest 10% of the business in Ferrexpo with high market value and growth prospects. By highlighting the major areas of performance and opportunities that have been discussed in this report, it is clear that there is a need to conduct a continuous assessment of the corporation’s performance with the view of making appropriate changes to its strategies so that it can effectively compete in the current business environment of the mining sector.

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# Appendices

## Appendix 1: Ratio analysis

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| **Ratio Analysis of Ferrexpo PLC and Fresnillo PLC** | | | | | | | | |
| **Ratios** | **Formula** | **Variable** | ***Ferrexpo PLC*** | | | ***Fresnillo PLC*** | | |
| **Profitability ratios** |  |  | ***2022*** | ***2021*** | ***2020*** | ***2022*** | ***2021*** | ***2020*** |
| Return on Equity | Net Income  Equity | Net Income | £179.00 | £633.00 | £495.00 | £188.00 | £221.00 | £306.00 |
| Equity | £1,039.00 | £1,352.00 | £1,091.00 | £3,190 | £3,256 | £2,808 |
| ***Return on Equity*** | ***17.23%*** | ***46.82%*** | ***45.37%*** | ***5.89%*** | ***6.79%*** | ***10.90%*** |
| Return on Assets | Net Income  Total Assets | Net Income | £179.00 | £633.00 | £495.00 | £188.00 | £221.00 | £306.00 |
| Total Assets | £1,126.00 | £1,544.00 | £1,430.00 | £4,501.00 | £4,917.00 | £4,258.00 |
| ***Return on Assets*** | ***15.90%*** | ***41.00%*** | ***34.62%*** | ***4.18%*** | ***4.49%*** | ***7.19%*** |
| Operating Margin | Operating profit  Sales | Operating profit | £297.00 | £1,002.00 | £562.00 | £128.00 | £192.00 | £478.00 |
| Sales | £1,014.00 | £1,831.00 | £1,326.00 | £2,177.00 | £1,981.00 | £1,967.00 |
| ***Operating Margin*** | ***29.29%*** | ***54.72%*** | ***42.38%*** | ***5.88%*** | ***9.69%*** | ***24.30%*** |
| EBIT | EBIT Sales | EBIT | £297.00 | £1,002.00 | £562.00 | £128.00 | £192.00 | £478.00 |
| Sales | £1,014.00 | £1,831.00 | £1,326.00 | £2,177.00 | £1,981.00 | £1,967.00 |
| ***EBIT*** | ***29.29%*** | ***54.72%*** | ***42.38%*** | ***5.88%*** | ***9.69%*** | ***24.30%*** |
| Net Profit Margin | Net Profit Sales | Net Profit | £179.00 | £633.00 | £495.00 | £188.00 | £221.00 | £306.00 |
| Sales | £1,014.00 | £1,831.00 | £1,326.00 | £2,177.00 | £1,981.00 | £1,967.00 |
| ***Net Profit ratio*** | ***17.65%*** | ***34.57%*** | ***37.33%*** | ***8.64%*** | ***11.16%*** | ***15.56%*** |
| **Liquidity ratios** |  |  | ***2022*** | ***2021*** | ***2020*** | ***2022*** | ***2021*** | ***2020*** |
| Current ratio | Current Asset Current liabilities | Current Assets | £390.00 | £501.00 | £458.00 | £1,207.00 | £1,613.00 | £1,542.00 |
| Current Liabilities | £67.00 | £168.00 | £216.00 | £292.00 | £572.00 | £346.00 |
| ***Current Ratio*** | ***5.82*** | ***2.98*** | ***2.12*** | ***4.13*** | ***2.82*** | ***4.46*** |
| Quick ratio | (Current Assets-Inventories) Current liabilities | Current Assets | £390.00 | £501.00 | £458.00 | £1,207.00 | £1,613.00 | £1,542.00 |
| Inventories | £196.00 | £175.00 | £114.00 | £363.00 | £412.00 | £293.00 |
| Current Liabilities | £67.00 | £168.00 | £216.00 | £292.00 | £572.00 | £346.00 |
| ***Quick ratio*** | ***2.90*** | ***1.94*** | ***1.59*** | ***2.89*** | ***2.10*** | ***3.61*** |
| Cash ratio | Cash and Cash equivalent Current Liabilities) | Cash and Cash equivalent | £94.00 | £124.00 | £198.00 | £419.00 | £806.00 | £912.00 |
| Current Liabilities | £67.00 | £168.00 | £216.00 | £292.00 | £572.00 | £346.00 |
| ***Cash ratio*** | ***1.40*** | ***0.74*** | ***0.92*** | ***1.43*** | ***1.41*** | ***2.64*** |
| **Efficiency ratios** |  |  | ***2022*** | ***2021*** | ***2020*** | ***2022*** | ***2021*** | ***2020*** |
| 1. Inventory turnover ratio | Average inventory\*365 Cost of goods sold | Cost of goods sold | £473.00 | £529.00 | £475.00 | £1,919.00 | £1,686.00 | £1,390.00 |
| Average inventory | £196.00 | £175.00 | £114.00 | £363.00 | £412.00 | £293.00 |
| ***Inventory turnover days*** | ***151*** | ***121*** | ***88*** | ***69*** | ***89*** | ***77*** |
| 2. Payable turnover ratio | Payable \*365  Credit purchase | Credit purchase | £473 | £529 | £475 | £1,919 | £1,686 | £1,390 |
| Payable | £16 | £44 | £24 | £93.00 | £117.00 | £96.00 |
| ***Payable turnover days*** | ***12*** | ***30*** | ***18*** | ***18*** | ***25*** | ***25*** |
| 3. Receivable turnover ratio | Account receivable\*365 Net Credit Sales | Net credit sales | £1,014.00 | £1,831.00 | £1,326.00 | £2,177.00 | £1,981.00 | £1,967.00 |
| Average account receivables | £90.00 | £178.00 | £136.00 | £378.00 | £336.00 | £296.00 |
| ***Receivable turnover days*** | ***32*** | ***35*** | ***37*** | ***63*** | ***62*** | ***55*** |
| **Leverage Ratios** |  |  | ***2022*** | ***2021*** | ***2020*** | ***2022*** | ***2021*** | ***2020*** |
| Debt-to-Equity | Total debt Total Equity | Total debt | £5.00 | £38.00 | £195.00 | £741.00 | £795.00 | £939.00 |
| Total equity | £1,039.00 | £1,352.00 | £1,091.00 | £3,190.00 | £3,256.00 | £2,808.00 |
| ***Debt-to-Equity*** | ***0.00*** | ***0.03*** | ***0.18*** | ***0.23*** | ***0.24*** | ***0.33*** |
| Equity Multiplier | Total Assets  Total Equity | Total Assets | £1,126 | £1,544 | £1,430 | £4,501 | £4,917 | £4,258 |
| Total equity | £1,039.00 | £1,352.00 | £1,091.00 | £3,190.00 | £3,256.00 | £2,808.00 |
| ***Equity Multiplier*** | ***1.08*** | ***1.14*** | ***1.31*** | ***1.41*** | ***1.51*** | ***1.52*** |
| Interest Coverage Ratio | EBIT Interest Expenses | EBIT | £297.00 | £1,002.00 | £562.00 | £128.00 | £192.00 | £478.00 |
| Interest Expenses | £1.00 | £4.00 | £7.00 | £53.00 | £45.00 | £37.00 |
| ***Interest Coverage Ratio*** | ***297.00*** | ***250.50*** | ***80.29*** | ***2.42*** | ***4.27*** | ***12.92*** |
| Debt-Capital Ratio | Total debt Total Debt +Total Equity | Total debt | £5.00 | £38.00 | £195.00 | £741.00 | £795.00 | £939.00 |
| Total Debt +Total Equity | £1,044.00 | £1,390.00 | £1,286.00 | £3,931.00 | £4,051.00 | £3,747.00 |
| ***Debt-Capital Ratio*** | ***0.00*** | ***0.03*** | ***0.15*** | ***0.19*** | ***0.20*** | ***0.25*** |
| **Valuation ratios** |  |  | ***2022*** | ***2021*** | ***2020*** | ***2022*** | ***2021*** | ***2020*** |
| Price Earning Ratio | Market Price  EPS | Market Price | £2.41 | £2.82 | £1.39 | £6.25 | £9.87 | £6.40 |
| EPS | £0.30 | £1.08 | £0.84 | £0.26 | £0.30 | £0.42 |
| ***Price Earning Ratio*** | ***8.03*** | ***2.61*** | ***1.65*** | ***24.03*** | ***32.90*** | ***15.24*** |
| Book Value per share | Total equity  Tot shares outstanding's | Total equity | £1,039.00 | £1,352.00 | £1,091.00 | £3,190.00 | £3,256.00 | £2,808.00 |
| Total shares outstanding's | 589.00 | 589.00 | 589.00 | 737.00 | 737.00 | 737.00 |
| ***Book Value per share*** | ***£1.76*** | ***£2.30*** | ***£1.85*** | ***£4.33*** | ***£4.42*** | ***£3.81*** |
| Earning Per share | Earnings Tot shares outstanding's | Earnings | £179.00 | £633.00 | £495.00 | £188.00 | £221.00 | £306.00 |
| Total shares outstanding's | 589.00 | 589.00 | 589.00 | 737.00 | 737.00 | 737.00 |
| ***Earning Per share*** | ***0.30*** | ***1.07*** | ***0.84*** | ***0.26*** | ***0.30*** | ***0.42*** |
| Dividend Yield | Total Dividend  Market Price | Total Dividend (pence) | £0.14 | £0.54 | £0.70 | £0.14 | £1.20 | £1.54 |
| Market Price | £2.41 | £2.82 | £1.39 | £6.25 | £9.87 | £6.40 |
| ***Dividend Yield*** | ***0.06*** | ***0.19*** | ***0.50*** | ***0.02*** | ***0.12*** | ***0.24*** |

## Appendix 2: Contribution of participants

***Shubham Kansal (20030158)***

Shubham took the responsibility of the financial analysis on profitability ratios. He gathered factual information, identified patterns and conducted a Ferrexpo PLC to Fresnillo PLC benchmark. He also drafted figures in the profitability analysis section and facts that discussed the company’s earnings, costs, and return on investment. His detailed work helped establish a clear picture of the company’s financial position and contributed immensely to the general work done on the report.

***Madhusudan BL (20019778)***

Liquidity analysis was done by Madhusudan focusing at the evaluation of the short-term financial stability of the Ferrexpo PLC. He collected necessary monetary information, computed the liquidity coefficients, and evaluated the prospects of the given company regarding short-term payments. As such, the areas that emerged from their research as needing attention in the management of liquidity included. His inputs enabled the consideration of extra aspects of executing the company’s financial sustainability checking, contributing to the creation of a report.

***Praveen Chandrabose (20019412)***

Operations, which referred to the efficiency of the participant’s management, were looked into by Praveen. He gathered and evaluated data related to asset turnover and inventories. Thus, their evaluation offered a proper insight into how effectively Ferrexpo PLC managed resources against Fresnillo PLC. He contributed significantly in scanning for the organisation’s operational strengths and gaps, which strengthened the quality of the report.

***Vandhana Ravi (20028894)***

Vandhana elaborated the recommendation for strategic initiatives to increase future profitability. In the field of financial and operational analysis, she defined critical goals and activities and outlined the measures to address them. Similar to the previous respondent, she quantified the effects on related financial ratios of these strategies by providing appropriate numbers. Their input helped the company to gain a point of view that looks ahead, the participants of the planner gave many valuable suggestions to increase profits at Ferrexpo PLC.

***Keyur Joshi (20030515)***

Keyur mainly reported on the aspect of investment analysis and valuation. He analysed the book and market values and estimated the cost of acquiring an interest of 10 per cent in Ferrexpo PLC. Further, he gave a reasonable recommendation on the investment that was based on financial ratios and the general market situation. Keyur made sure that any potential investors benefited from a balanced and correct evaluation of the company’s investment opportunities, Ferrexpo PLC inclusive.