

# Introduction

- 1- What is fundamental analysis?
- 2- Do I need to know a lot of finance and accounting to conduct a fundamental analysis?
- 3- For what exactly do we use the fundamental analysis?
- 4- Why Technical Analysis works better than fundamental analysis when determining to buy or sell a stock?
- 5- How to use Yahoo Finance to conduct a fundamental analysis?

## What is fundamental analysis?

Fundamental analysis is a method of measuring a company's intrinsic value by examining internal and external factors. Internal factors can be determined by analyzing a company's financial statements, while external factors can be determined by analyzing macroeconomic data.



# Fundamental analysis of Coca-Cola



## Internal factors

Coca-Cola's Financial Statements



## External factors

Non-alcoholic beverages growth rate



Interest rates, inflation, population, purchasing power



**Do we need to know about finance to conduct a fundamental analysis:**

## Finance Background?

- All you need is a basic understanding of accounting terminology



**4. For what exactly do we use the fundamental analysis**

# For what do we do a fundamental analysis?

- To determine the in **WHAT**



## Selecting the best Ice Cream shop



Growth Sales  
Rank #1



Growth Profit  
Rank #3



Growth Equity  
Rank #1



Growth Sales  
Rank #2

Growth Profit  
Rank #2

Growth Equity  
Rank #3



Growth Sales  
Rank #3

Growth Profit  
Rank #1



Growth Equity  
Rank #2

What?



- Growing faster than the competition

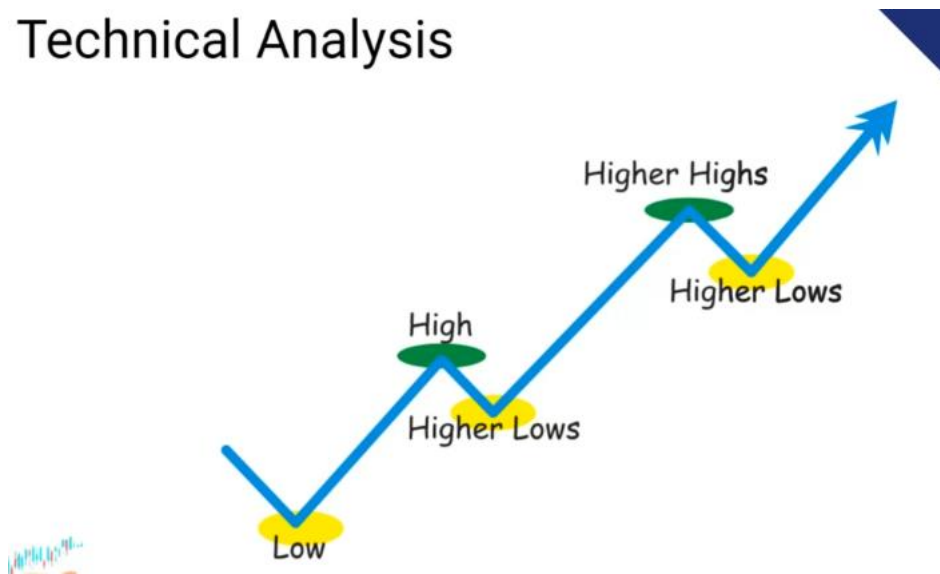
## 5. Technical analysis vs. fundamental analysis:

### Technical vs. Fundamental Analysis

- Technical **WHEN**
- Fundamental **WHAT**



### Technical Analysis



## 6. How to use Yahoo Finance to conduct a fundamental analysis

# How to use Yahoo Finance?

- Free platform

# yahoo! finance

Build A Career In Forex Trading -   X					
The Coca-Cola Company (KO) Inc X					
Google X +					
finance.yahoo.com/quote/KO/financials?p=KO					
Search for news, symbols or companies					
Income Statement All numbers in thousands Expand All					
Breakdown	TTM	12/30/2021	12/30/2020	12/30/2019	12/30/2018
> Total Revenue	41,322,000	38,655,000	33,014,000	37,266,000	31,856,000
Cost of Revenue	16,986,000	15,357,000	13,433,000	14,619,000	11,770,000
Gross Profit	24,336,000	23,298,000	19,581,000	22,647,000	20,086,000
> Operating Expense	12,732,000	12,259,000	9,856,000	12,378,000	10,745,000
Operating Income	11,604,000	11,039,000	9,725,000	10,269,000	9,341,000
> Net Non Operating Interest Inc...	-438,000	-1,321,000	-1,067,000	-383,000	-237,000
> Other Income Expense	620,000	2,707,000	1,091,000	900,000	-754,000
Pretax Income	11,786,000	12,425,000	9,749,000	10,786,000	8,350,000
Tax Provision	2,168,000	2,621,000	1,981,000	1,801,000	1,623,000
> Net Income Common Stockhold...	9,571,000	9,771,000	7,747,000	8,920,000	6,434,000
Diluted NI Available to Com Stock...	9,571,000	9,771,000	7,747,000	8,920,000	6,434,000
Basic EPS	-	2.26	1.80	2.09	1.51
Diluted EPS	-	2.25	1.79	2.07	1.50

People /

Symbol

PG The Procter

DIS The Walt Di

JNJ Johnson & J

VZ Verizon Cor

JPM JPMorgan C

Similar t

Symbol

PEP



Normalized Income	10,622,076	10,347,759	8,327,216
Interest Income	317,000	276,000	370,000
Interest Expense	755,000	1,597,000	1,437,000
Net Interest Income	-438,000	-1,321,000	-1,067,000
EBIT	12,541,000	14,022,000	11,186,000
EBITDA	13,890,000	-	-
Reconciled Cost of Revenue	16,986,000	15,357,000	13,433,000
Reconciled Depreciation	1,349,000	1,452,000	1,536,000
Net Income from Continuing Oper...	9,571,000	9,771,000	7,747,000
Total Unusual Items Excluding Goo...	-1,288,000	-731,000	-728,000
Total Unusual Items	-1,288,000	-731,000	-728,000
Normalized EBITDA	15,178,000	16,205,000	13,450,000
Tax Rate for Calcs	0	0	0
Tax Effect of Unusual Items	-236,924	-154,241	-147,784

## 2. Financial Statements:

### 1. What is the income statement and how can it help our fundamental

# Income Statement

- How the company makes money
- Revenues, Expenses, Net Income

The infographic illustrates the flow of an income statement. It starts with 'REVENUES/INCOME' (represented by a piggy bank), followed by 'COST OF GOODS SOLD' (represented by a document with a pencil). This leads to 'GROSS PROFIT' (represented by a hand holding a dollar sign). Then, 'EXPENSES' (represented by a hand holding a document) are subtracted to arrive at 'NET INCOME/LOSS' (represented by a bar chart). 'TAXES' (represented by a document with a dollar sign) are also shown as a component.

(Patriot, 2017)

Breakdown	TTM	6/29/2022	3/30/2022	12/30/2021	9/29/2021
> Total Revenue	41,322,000	11,325,000	10,491,000	9,464,000	10,042,000
Cost of Revenue	16,986,000	4,830,000	4,091,000	4,088,000	3,977,000
Gross Profit	24,336,000	6,495,000	6,400,000	5,376,000	6,065,000
> Operating Expense	12,732,000	3,222,000	2,995,000	2,973,000	3,167,000
Operating Income	11,604,000	3,273,000	3,405,000	2,403,000	2,898,000
> Net Non Operating Interest Inc...	-438,000	-98,000	-104,000	-94,000	-142,000
> Other Income Expense	620,000	-891,000	157,000	651,000	328,000
Pretax Income	11,786,000	2,284,000	3,458,000	2,960,000	3,084,000
Tax Provision	2,168,000	384,000	665,000	510,000	609,000
> Net Income Common Stockhold...	9,571,000	1,905,000	2,781,000	2,414,000	2,471,000
Diluted NI Available to Com Stock...	9,571,000	1,905,000	2,781,000	2,414,000	2,471,000

Total Revenue:

- All the money that came into company based on sales.

Cost of Revenue:

- Cost related to generate the coca cola  
(Glass, water, sugar, rent, manpower that directly work)

Gross Profit:

- Total Revenue – cost of revenue

Operating Expenses:

- Advertisement, employee that directly not work marketing HR, CEO, etc.

Operating Income:

- Gross Profit – Operating Expenses

Pretax Income:

- When we subtract all the interest to bank from Operating Income
- Operating Income – Interest

Net income:

- After Paying taxes we real the real income
- Pretax Income – Tax Provision

## **2. What is the balance sheet and how can it help the fundamental analysis**



# Balance Sheet

- How the are the company's current possessions
- Assets, liabilities, owners equity



## Assets:

- Factories, cash, Intellectual Property, Trucks,
- Current Assets: ( Cash, Money, quick to liquidate less than a year)
- This is good. If they are holding a lot of cash which is not good because this will not generate extra money.
- Non-Current Assets: Buildings, goodwill

## Liabilities:

- Debt they have to pay, ticket that airline makes,
- They need to pay to banks, Trips,
- We don't need a lot of liabilities

Show: [Income Statement](#) | **Balance Sheet** | [Cash Flow](#)

## Balance Sheet

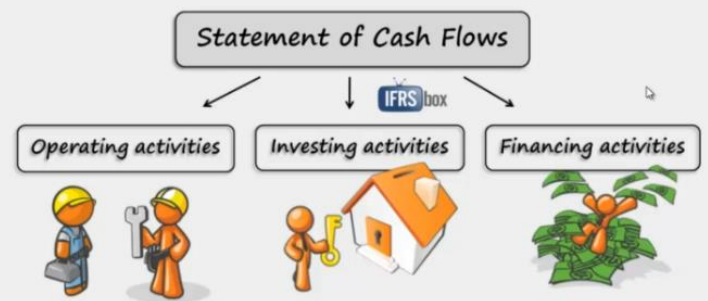
All numbers in thousands

Breakdown	12/30/2021	12/30/2020	12/30/2019	12/30/2018
> Total Assets	94,354,000	87,296,000	86,381,000	83,216,000
> Total Liabilities Net Minority Int...	69,494,000	66,012,000	65,283,000	64,158,000
> Total Equity Gross Minority Inte...	24,860,000	21,284,000	21,098,000	19,058,000
Total Capitalization	61,115,000	59,424,000	46,497,000	42,345,000
Common Stock Equity	22,999,000	19,299,000	18,981,000	16,981,000
Net Tangible Assets	-11,614,000	-9,251,000	-7,785,000	-289,000
Working Capital	2,595,000	4,639,000	-6,562,000	1,411,000
Invested Capital	65,760,000	62,092,000	61,744,000	60,536,000
Tangible Book Value	-11,614,000	-9,251,000	-7,785,000	-289,000
Total Debt	42,761,000	42,793,000	42,763,000	43,555,000
Net Debt	33,077,000	35,998,000	36,283,000	34,629,000
Share Issued	7,040,129	7,040,129	7,040,129	7,040,129

### 3. What is the cash flow statement of and how can it help our fundamental analysis

## Statement of Cash Flows

- How the company gets and uses its cash
- Cash



## Operating Activities:

- Operating activities is good if positive. Negative means that company is investing more to the operating activities
- Same as net income

## Investing Activities

## Financing Activities

- If pays dividend it is positive

Show: [Income Statement](#) | [Balance Sheet](#) | **Cash Flow**

**Annual** | [Quarterly](#)

### Cash Flow

All numbers in thousands

[↗ Expand All](#)

Breakdown	TTM	12/30/2021	12/30/2020	12/30/2019	12/30/2018
> Operating Cash Flow	11,646,000	12,625,000	9,844,000	10,471,000	7,627,000
> Investing Cash Flow	-5,663,000	-2,765,000	-1,477,000	-3,976,000	5,927,000
> Financing Cash Flow	-5,774,000	-6,786,000	-8,070,000	-9,004,000	-10,347,000
> End Cash Position	9,717,000	10,025,000	7,110,000	6,737,000	9,318,000
Capital Expenditure	-1,404,000	-1,367,000	-1,177,000	-2,054,000	-1,347,000
Issuance of Capital Stock	1,012,000	702,000	647,000	1,012,000	1,476,000
Issuance of Debt	5,598,000	13,094,000	26,934,000	23,009,000	27,339,000
Repayment of Debt	-2,725,000	-12,866,000	-28,796,000	-24,850,000	-30,568,000
Repurchase of Capital Stock	-1,217,000	-111,000	-118,000	-1,103,000	-1,912,000
Free Cash Flow	10,242,000	11,258,000	8,667,000	8,417,000	6,280,000



