

## **Microeconomics Research Project Corporate Business and Market Analysis**

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First draft presentation due in TA discussion from Nov 19 to 26. TAs will provide feedback and advice to students. Final report due in class Dec 05. Evaluation is based on the presentation and the final project report. Please schedule a presentation with your TA as soon as possible.

In this corporate business project, choose one of the publicly listed companies in global stock markets. Collect data and information to answer the research questions below. For relevant concepts and theories, refer to the theories covered in lecture 12-17 and corresponding textbook chapters. The final report must be organized in PowerPoint slides. Sources and links must be provided for all data and research findings. Please follow all instructions and keep your answers clear, concise, and concrete. Any violation of the academic honesty code will result in failing the course and the issue being reported to the academic dean.

### **I. Brief Introduction (one page)**

1. Founding year, founders, management (CEO, CFO, CTO), key industries/products, headquarters
2. Provide a timeline of company milestones, including the year and place of IPO, global expansions

### **II. Financial Analysis (two pages): list in tables for the most recent three years data**

1. Revenue composition: by region/country and by product category (apply pie chart)
2. Profit (Net Revenue): by region/country and by product category (apply pie chart)
3. Expenses composition: by cost of sales, R&D, SG&A, taxes (apply pie chart)
4. Asset composition: by cash, securities, inventories, tangible properties (apply pie chart)
5. Liability composition: by different debt instruments (apply pie chart)
6. Owners' Equity: by stock shares, retained earnings, and others (apply pie chart)
7. What are the direct costs from the Income Statement in 2019FY (or 4<sup>th</sup> quarter)?
8. What are the capital costs (equity and debt) from the Cash Flow Statement in 2019FY?
9. What are the company's two most important assets? Are they tangible or intangible?
10. Which is the company's most important source of financing, debt or equity?
11. What is the difference between company's book value and market value?

### **III. Market Structure (two pages)**

1. What market structure does the company belong to? What are the major competitors?
2. How much market power does the company have? Apply some measurements.
3. What is the market share of the company? By product/industry category over time.
4. What are the major entry barriers of the company's business, in theory and in practice?
5. What is the key business model/mode/competitive advantage of the company?
6. How are the company's products and services differentiated from its major competitors?
7. For what reasons has the company been subject to government regulation or antitrust lawsuit?

## IV. Demand Analysis (two pages)

1. What are the shapes of demand facing the company for its various products?
2. What are the different types of customers contributing to its sales revenue?
3. Which is the group of customers most sensitive to the price change?
4. Which is the group of customers least sensitive to the price change?
5. Did the company price discriminate its customers? How? Is it successful?
6. Did the company design and set other price strategies to maximize its profit?

## V. Supply Analysis (two pages)

1. What are the upstream and downstream firms in the company's production network?
2. What are the major suppliers for the company? For what components of its product?
3. Does the company rely heavily on a particular supplier for a key component of its product?
4. Does the company diversify its suppliers for the key components? Do you think it is necessary?
5. Are there any major risks in the production and distribution process? How did it control them?

## VI. Stock Price and Investment Analysis (two pages)

1. Graph historical stock price and market capitalization for the past five years.
2. Graph forward dividend yield (or other dividend-price ratio) for the past five years.
3. Graph revenue growth or profit margin (or other profitability indicators) for the past five years.
4. Graph the stock market index and detect its correlation with the stock prices for the past five years.
5. Does the company's market capitalization share the same trend as its stock price?
6. Can the stock price change be explained by the company's forward dividend yield?
7. Can the stock price change be explained by the company's revenue growth or profit margin?
8. Does the stock price move in the same or opposite direction as the stock market index?
9. Do you recommend buying or selling the stock now? Why?

*Please follow all instructions when submitting your work. Keep your answers clear, concise, and concrete. Any violation of the academic honesty code will result in failing the course and the issue being reported to the academic dean. <https://sites.google.com/site/19e160/projects>*