

PolyPanel. Financing Growth

Preparation Sheet (1st Session)

This case will introduce you to the main tools of financial analysis:

- a. Analysis of the business.
- b. Analysis of the P&L and balance sheet, statement of uses and sources of funds.
- c. P&L and balance sheet forecast.
- d. Meaning and use of NFO and WC.

The case also illustrates a typical situation of a growing need for funds due to growing sales.

Learning Objectives

Introduction to financial analysis and some of its tools: awareness of the business, analysis of the P&L and balance sheet. Statement of uses and sources of funds, SAF.

Material

- Chap. 1 Financial analysis and diagnosis.¹ Finance for Managers, Ed. McGraw-Hill, 1st Edition, 2012. E. Martínez Abascal (exhibits in the professor's blog)
- F-869-E PolyPanel. Financing Growth.
- Exhibits and Supplements TO DO and DONE in Excel format (in web).

Suggested Questions

Assume you are the bank. Would you grant the credit line of €500,000? Give your reasons for the answer. The following questions will help you with the final decision:

1. **Business analysis.** What does it sell? How much? Sales seasonal? Cyclical? Profile of the customer. Strategy, why the customer buys from PolyPanel. Management team: evaluation.

¹ You need to study chapter 1 in detail in order to prepare the case. It will take some time (about three hours), but there is no alternative. The methodology and tools you need for financial analysis are included in chapters 1 and 2. During the course we will be using the same methodology in every case.



2. **P&L analysis (Exhibit 1).** Look at the “big numbers” and their evolution: sales, gross margin, opex. Is PolyPanel profitable? Would you invest in it?
3. **Balance sheet analysis (Exhibit 2).**
 - Big numbers in the balance sheet of 2007: main investments and main sources of financing.
 - What happened during the last years? Calculate the SAF or difference of balance sheets between 2004 and 2007. What is your opinion?
 - Operational ratios. According to the case, what is the policy of PolyPanel regarding collection, inventory and payments days? What is the reality?