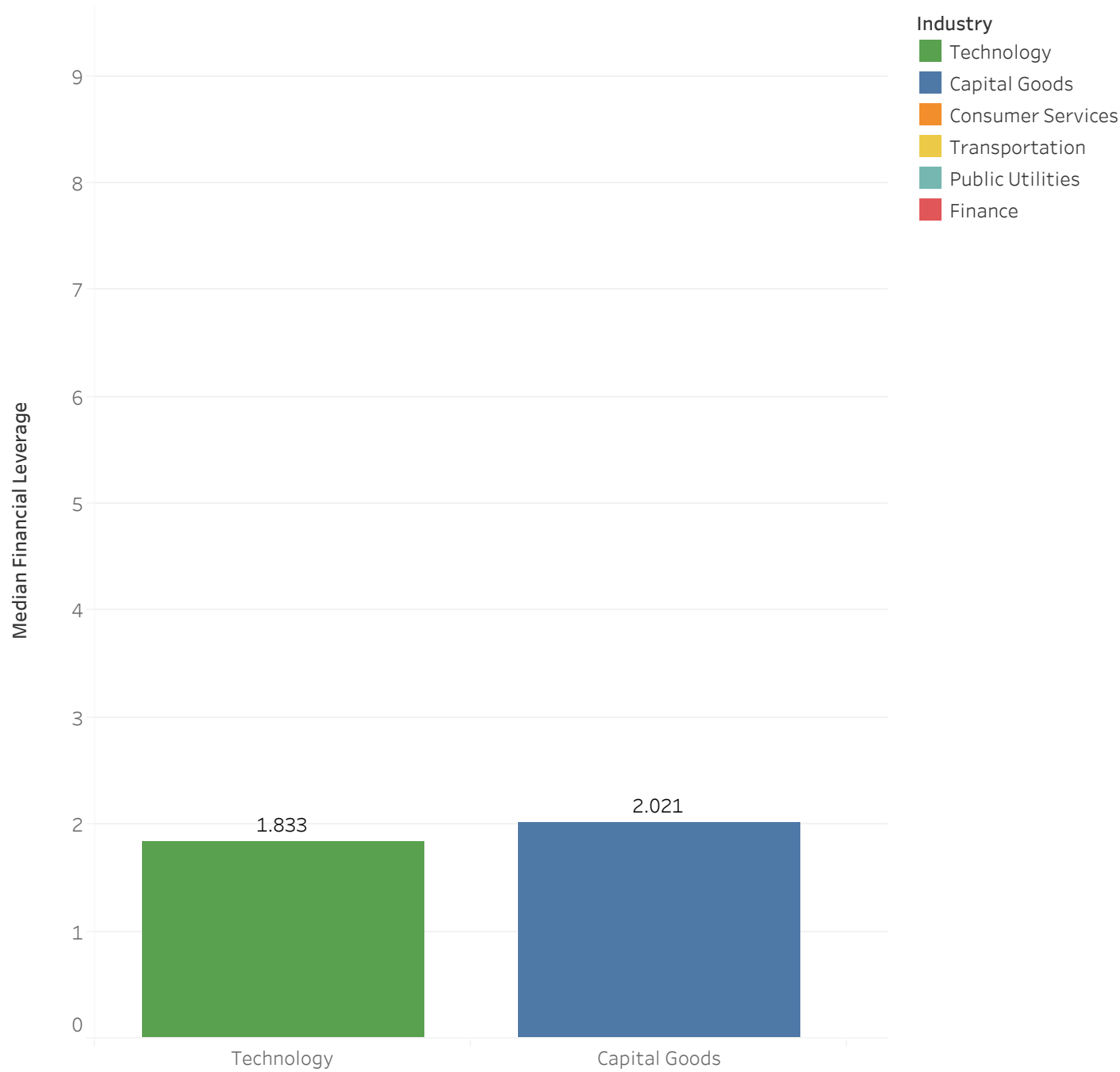# Median Leverage Ratio by Industry

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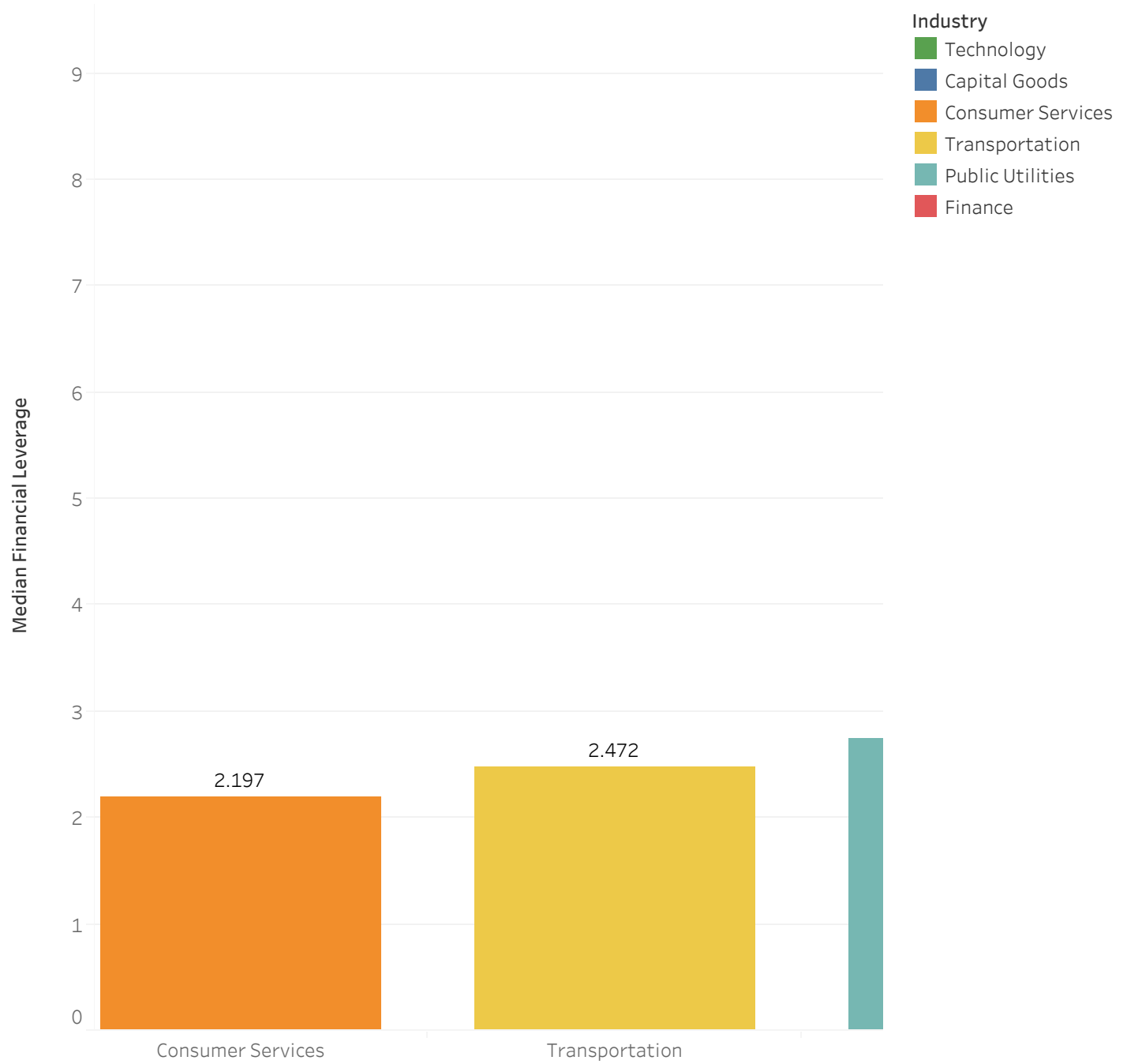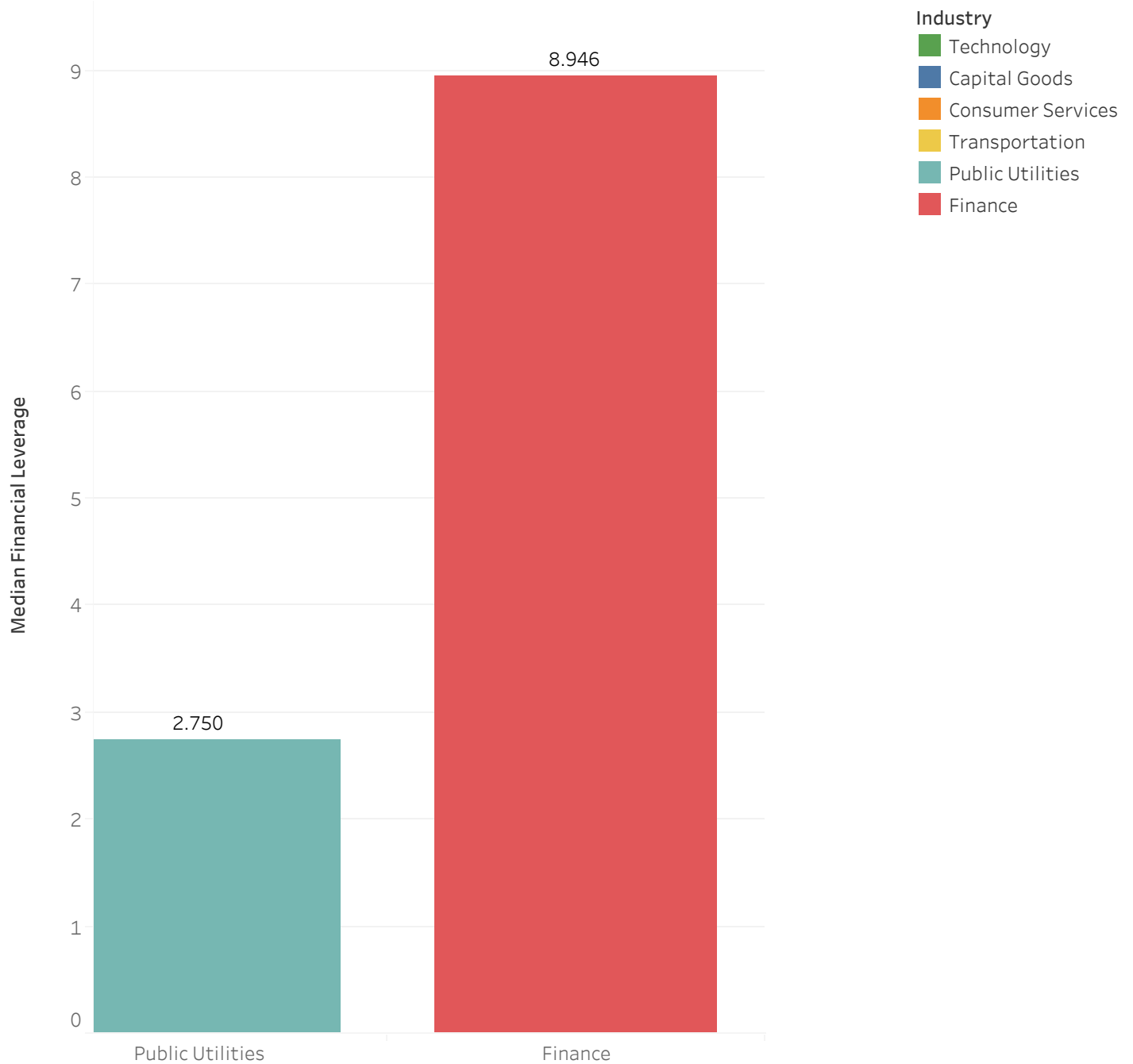
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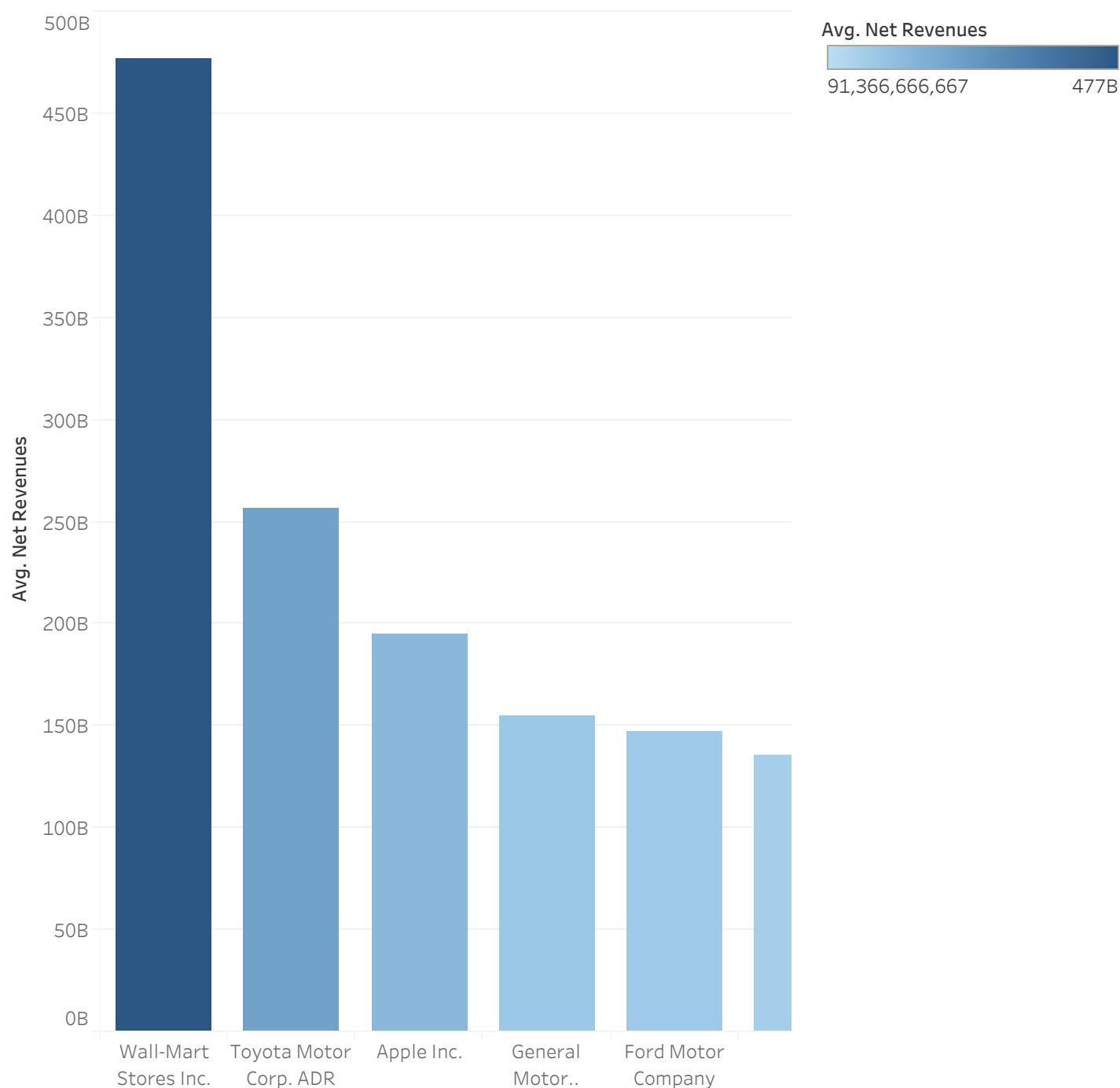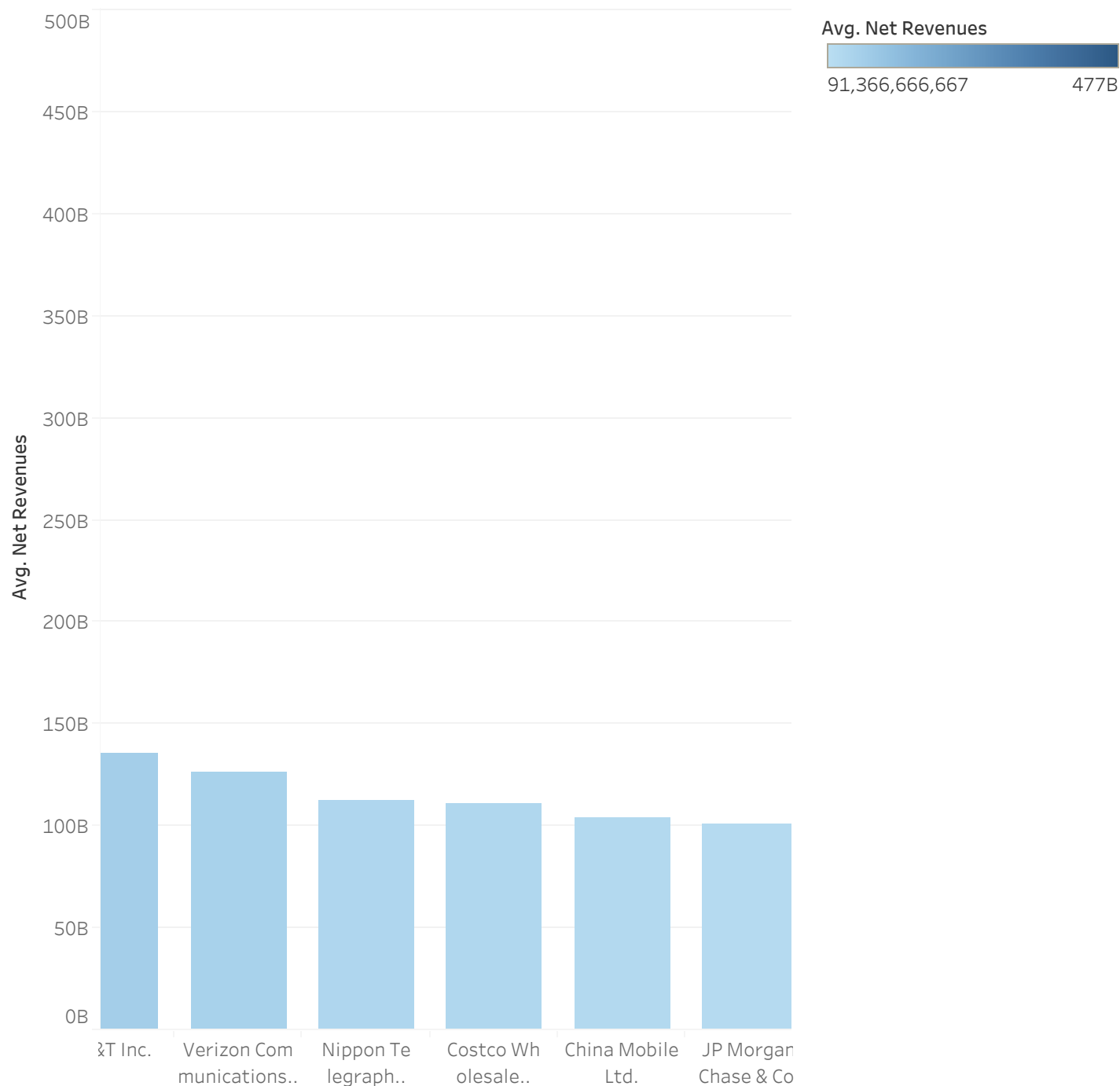
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Top 15 Companies in Revenue

Avg. Net Revenues

91,366,666,667   477B

Y-axis: Avg. Net Revenues (0B to 500B)

X-axis categories: Wall-Mart Stores Inc., Toyota Motor Corp. ADR, Apple Inc., General Motor.., Ford Motor Company

It is essential to know which companies have the highest average revenue over three years because those companies show strong ability to sell their products and gain market share, and they have large scale business landscape. We find the top 15 companies with the highest revenue by averaging "Net Revenue" and setting "Name" as our column. After sorting the graph, we can see a list of companies with revenues in a descending order. Walmart, Tokyo Motor, and Apple are the three top companies that we should put more attention on

Top 15 Companies in Revenue

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Chart y-axis (Avg. Net Revenues): 0B, 50B, 100B, 150B, 200B, 250B, 300B, 350B, 400B, 450B, 500B

Chart x-axis: &T Inc. | Verizon Communications.. | Nippon Telegraph.. | Costco Wholesale.. | China Mobile Ltd. | JP Morgan Chase & Co
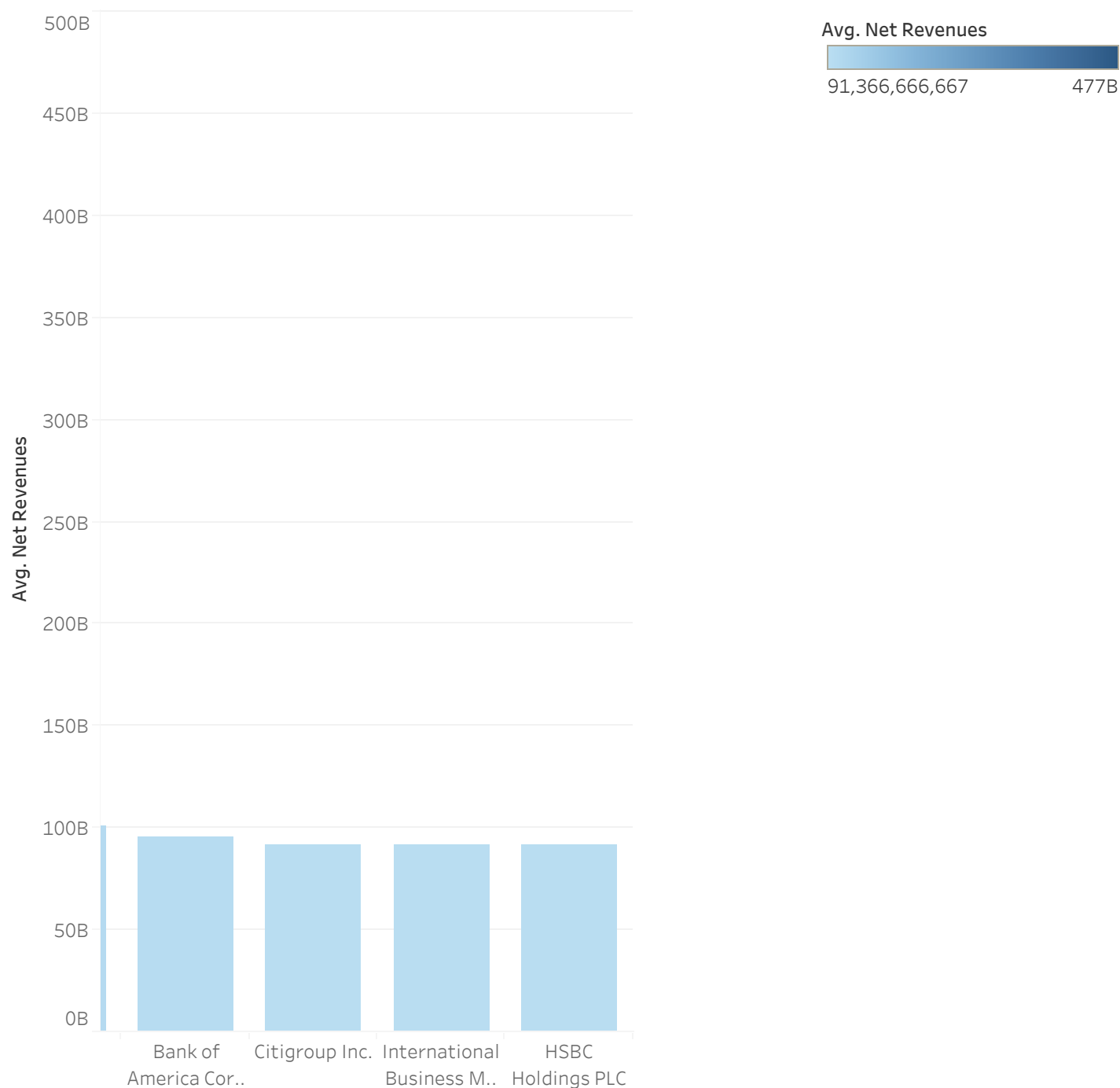
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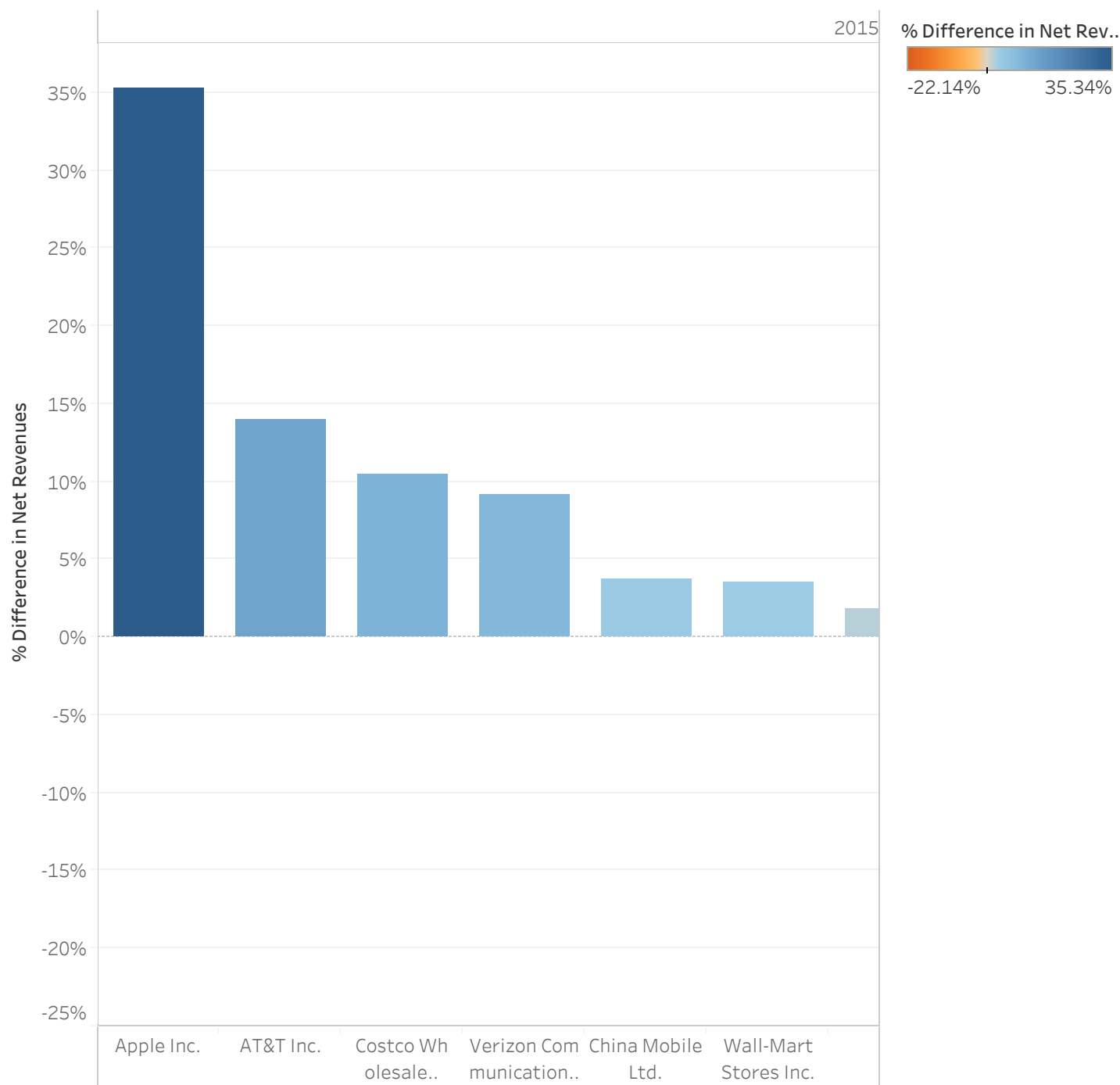
Revenue Growth from 2013-2015
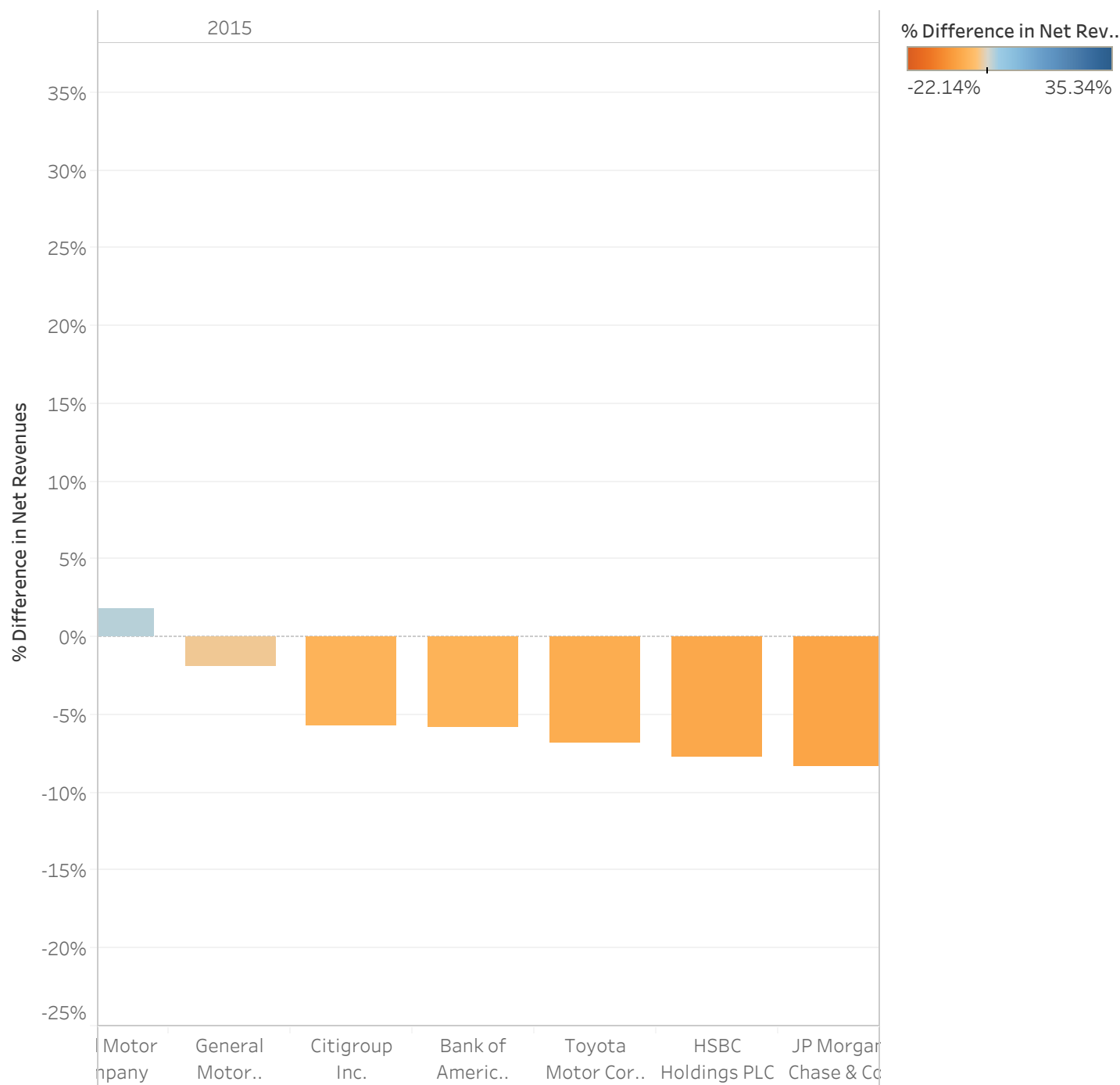

Growth in revenue is another important factor we value as investors.By filtering the top 15 companies we found in question 2, we get the companies with highest revenue growth rates. We choose the six companies with the highest growth rates and decide to run further analysis on them.

Revenue Growth from 2013-2015

2015

% Difference in Net Revenues

Legend: % Difference in Net Rev..
-22.14%   35.34%

X-axis labels: l Motor npany, General Motor.., Citigroup Inc., Bank of Americ.., Toyota Motor Cor.., HSBC Holdings PLC, JP Morgan Chase & C..

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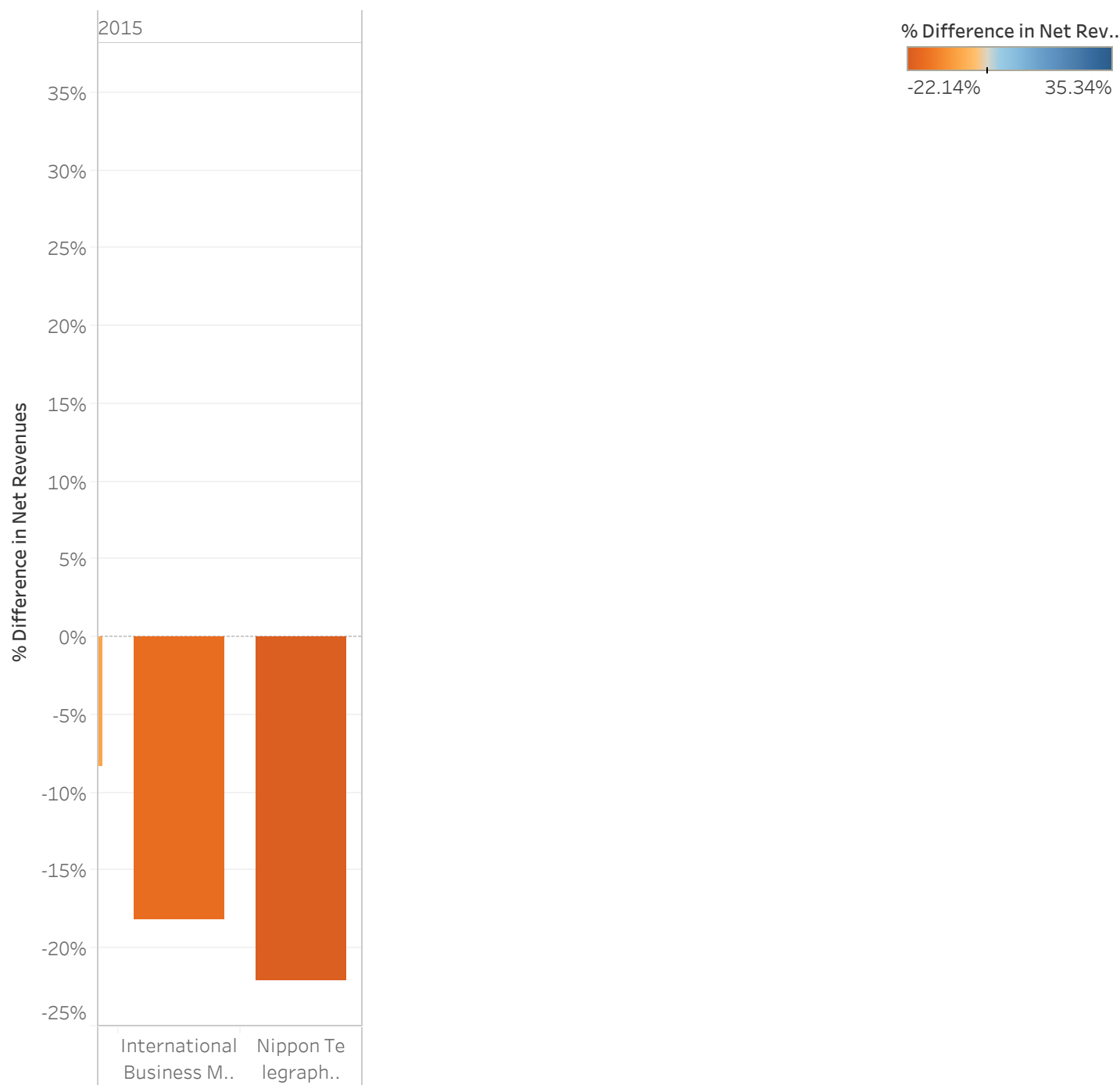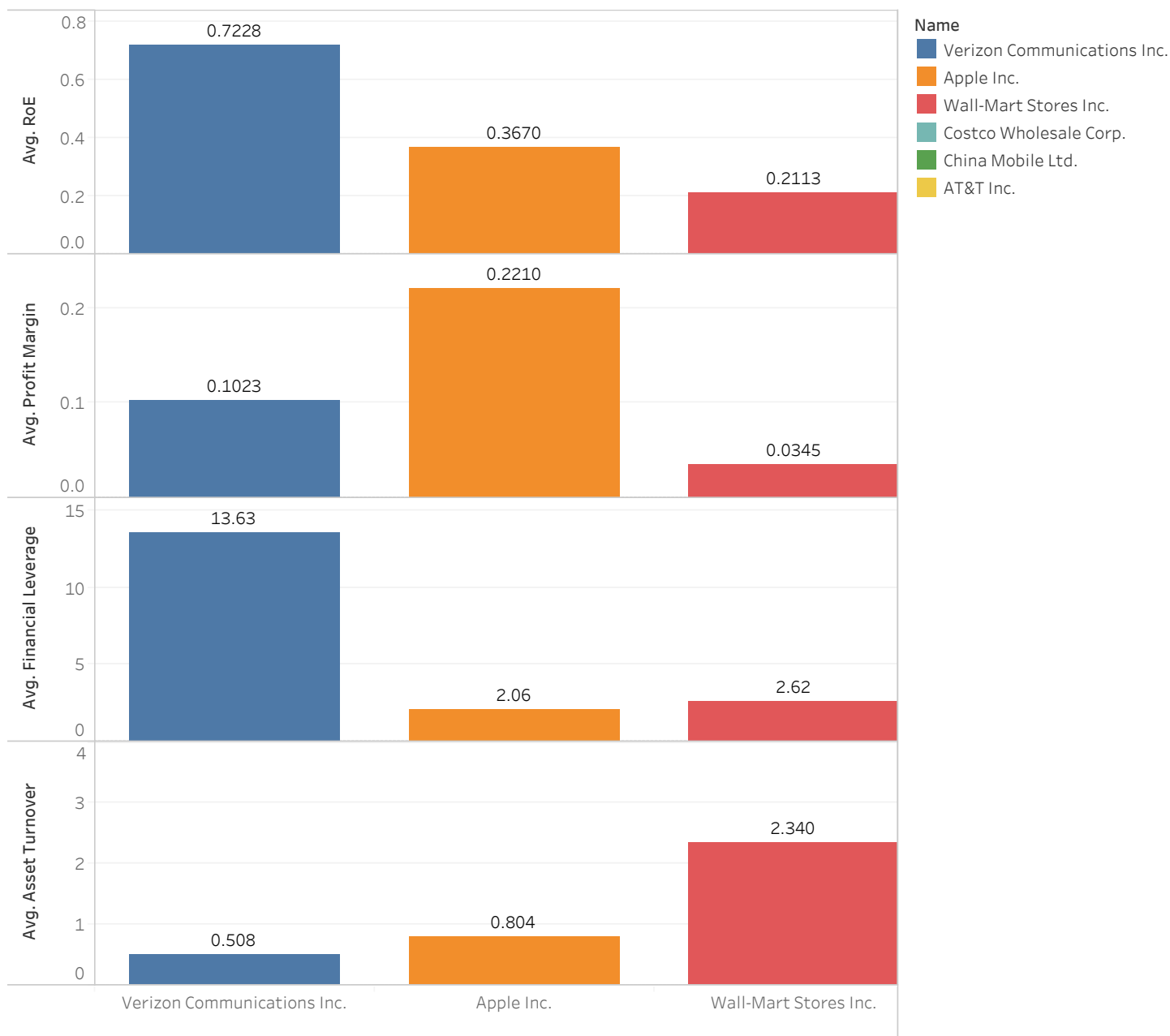
Roe & Breakdown

By breaking down the DuPont equation, we can access each element in order to make our final decision. Profitability needs to be reasonably high, because any decrease affects earnings available for shareholder dividends and reduces the marketability of any shares held for the long term. Asset turnover at a decent level shows the company is efficiently using its assets to drive revenue. If asset turnover is low, the company is either not making enough sales or is spending too much on capital assets that don't contribute. Financial leverage needs to be low for us, as conservative investors with a long-term time horizon, because interest expense reduces profits and increases the sensitivity of the business to the performance of the industry or the economic environment as a whole.

Our ultimate decision was to invest equally in China Mobile, Apple, Walmart, Costco, and At&T as a diversified portfolio. Verizon relied too heavily on leverage (13.63x) to drive return on equity, for our preferences as risk-averse investors, even though the Verizon's ROE of 0.7228 was the most impressive at face value. With strong revenue growth, profitability (0.144), efficiency of asset use (1.506), and reasonable leverage (2.463), our portfolio is well-diversified in terms of sectors and operational risks, with long-term potential for capital appreciation.
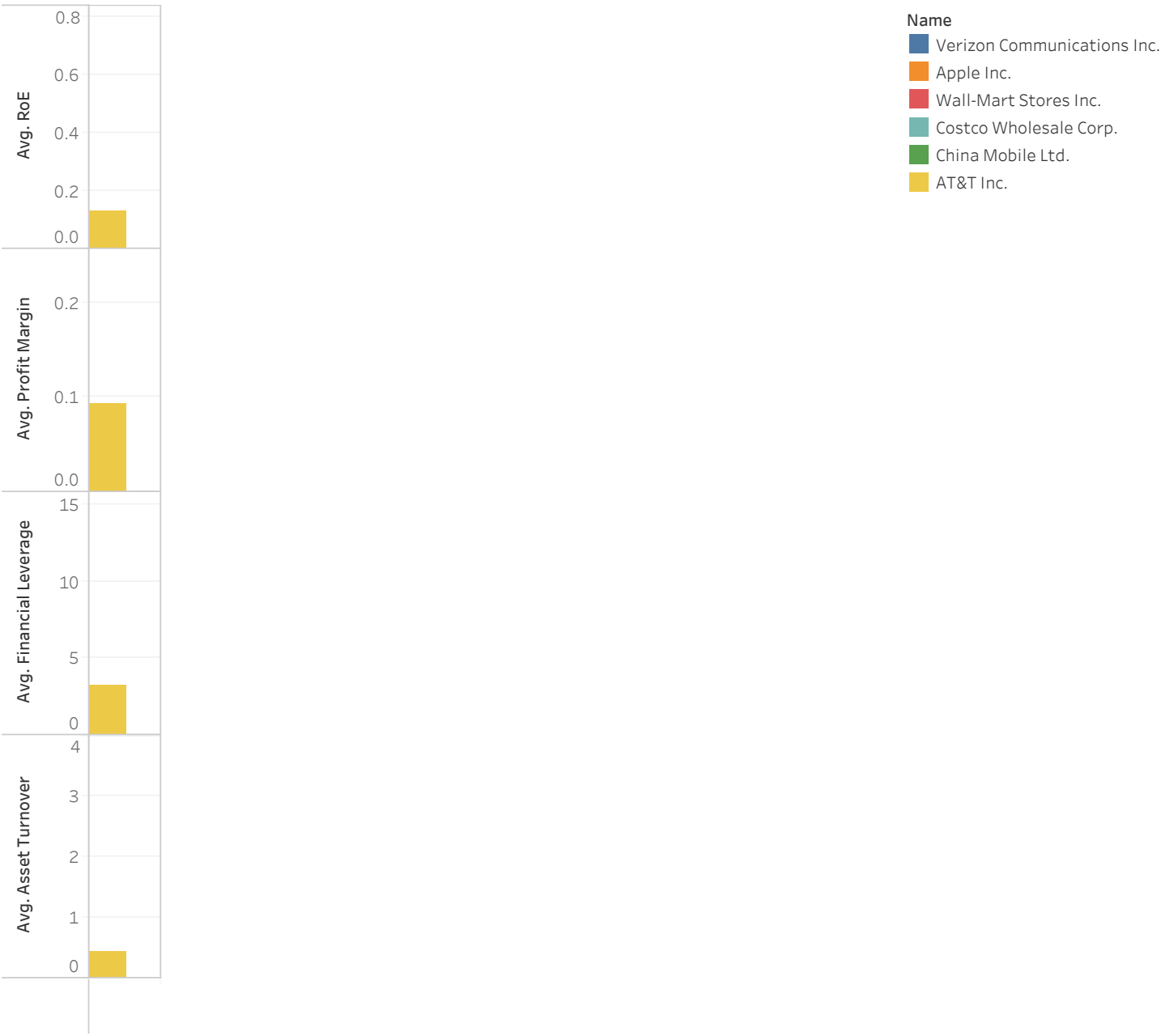
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Roe & Breakdown

Name
- Verizon Communications Inc.
- Apple Inc.
- Wall-Mart Stores Inc.
- Costco Wholesale Corp.
- China Mobile Ltd.
- AT&T Inc.

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Q1 - What is the median leverage ratio of each industry?

Q2 - What are the top 15 companies by revenue?

Q3 - Among those companies, which have solid revenue growth?

Q4 - Which of those companies have the highest ROE following the DuPont method?

Q5 - Break down the ROE for the top three companies and pick the most balanced in terms of financial performance, efficiency, and capital structure.

Median Financial Leverage Industry

Industry	Median Financial Leverage
Technology	1.833
Capital Goods	2.021
Consumer Services	2.197
Transportation	2.472
Public Utilities	2.750
Finance	8.946

What are the top 15 companies by revenue?

Among those companies, which have solid revenue growth?

Highest ROE?
Most Balanced?

Name
- Verizon Communicati..
- Apple Inc.
- Wall-Mart Stores Inc.
- Costco Wholesale Cor..
- China Mobile Ltd.
- AT&T Inc.

Avg. RoE

Company	Value
Verizon Communications Inc.	0.7228
Apple Inc.	0.3670
Wall-Mart Stores Inc.	0.2113
Costco Wholesale Corp.	0.1941
China Mobile Ltd.	0.1342
AT&T Inc.	0.1267

Avg. Profit Margin

Company	Value
Verizon Communications Inc.	0.1023
Apple Inc.	0.2210
Wall-Mart Stores Inc.	0.0345
Costco Wholesale Corp.	0.0194
China Mobile Ltd.	0.1753
AT&T Inc.	0.0929

Avg. Financial Leverage

Company	Value
Verizon Communications Inc.	13.63
Apple Inc.	2.06
Wall-Mart Stores Inc.	2.62
Costco Wholesale Corp.	2.88
China Mobile Ltd.	1.52
AT&T Inc.	3.24

Avg. Asset Turnover

Company	Value
Verizon Communications Inc.	0.508
Apple Inc.	0.804
Wall-Mart Stores Inc.	2.340
Costco Wholesale Corp.	3.454
China Mobile Ltd.	0.504
AT&T Inc.	0.427