

FINANCIAL ANALYSIS



Financial Statements – P/L

Horizontal Analysis (PixlWizz)

- Revenue
 - *Significant growth*
 - *Capturing market share*
- Operating Exp
 - *Increase is less than growth in Sales*
 - *Tight control of Op Exp.*
- Operating Profit
 - *Increased significantly*
 - *Managing operating expenses appropriately*
- Profit
 - *Significant growth*
 - *Prantain's growth is just 7%*

Pixlwizz			
Item	2019	2020	% Change
Revenue	3,574	4,016	12.4%
Operating costs	1,251	1,345	7.5%
Operating Profit	2,323	2,671	15.0%
Finance cost	41	41	0.0%
Profit Before Tax	2,282	2,630	15.2%
Tax	274	316	15.3%
Profit	2,008	2,314	15.2%

Financial Statements – SOFP

Horizontal Analysis (PixlWizz)

- NCA
 - Moderate growth
 - Driven by increments in
 - PPE
 - Software development costs
 - Significant portion of Intangible assets
 - Typical of the industry
- Equity
 - Significant growth
 - Share capital has remained constant
 - Retained earnings have increased significantly (41%)
- Bank balance
 - Increased exponentially (26%)
 - Cash held for investments?
- Borrowings
 - No real change

Pixlwizz			
Item	2019	2020	% Change
Non current Assets	1,143	1,223	7
Current Assets	1,361	1,673	23
Equity	1,042	1,303	25
Non current liabilities	450	453	1
Current Liabilities	1,012	1,140	13

Financial Statements – SCE (PixIWizz)

- *Dividends*
 - *89% of profits paid as dividends*
 - *11% of profits retained within the business*
 - Extremely high dividend payout
 - Company has enough reserves
 - Can keep investors happy
- *Gain on translation*
 - *W\$ 12 million*
 - *Due to international operations*

Ratio Analysis (PixlWizz)

Pixlwizz				
Type	Ratio	2019	2020	Difference
Profitability	OP Margin	65%	67%	2%
	NP Margin	56%	58%	1%
	ROCE	392%	314%	-78%
Activity	Receivable Days	31	32	1
	Inventory Days	2	2	0
	Payable Days	29	29	0
	Cash Conversion Cycle	4	5	(1)
Gearing	Gearing 1	43%	35%	-8%
	Gearing 2	30%	26%	-4%
	Interest Cover	57	65	8
Liquidity	Current Ratio	1.3	1.5	0.1
	Quick Ratio	1.3	1.4	0.1

Ratio Analysis – (Contd.)

■ *Profitability Ratios*

- *Slight increase in OP & NP Margin*
- *ROCE has decreased significantly by 78%*
 - However, ROCE for 2020 is 314%
 - No real issue

■ *Activity Ratios*

- *No real change*
- *Appropriate WCM polices in place*

Ratio Analysis – (Contd.)

- **Gearing** has decreased by 4%
 - *Gearing is at an acceptable level (26%)*
 - *The company can easily raise debt finance in the future*
- **Interest Cover** has increased
 - *The company can easily meet its debt obligations*
- **Current Ratio** has increased slightly
 - *Ideal is 2:1 (actual is 1.5:1)*
 - *Need to improve slightly*
- **Acid test ratio** has increased slightly
 - *Ideal is 1:1 (actual is 1.4:1)*
 - *Adequate*
 - *However, this ratio can be disregarded, given the negligible levels of inventory*

Financial Statements – P/L

Horizontal Analysis (Prantain)

- Revenue
 - *Moderate growth*
 - *Capturing market share*
- Operating Exp
 - *Increase is less than growth in Sales*
 - *Tight control of Op Exp.*
- Operating Profit
 - *Moderate growth*
 - *Managing operating expenses appropriately*
- Profit
 - *Moderate growth*
 - *Growth is lesser than Pixlwizz*

Prantain			
Item	2019	2020	% Change
Revenue	4,307	4,564	6.0%
Operating costs	1,412	1,471	4.2%
Operating Profit	2,895	3,093	6.8%
Finance cost	45	45	0.0%
Profit Before Tax	2,850	3,048	6.9%
Tax	342	362	5.8%
Profit	2,508	2,686	7.1%

Financial Statements – SOFP

Horizontal Analysis (Prantain)

- NCA
 - *Slight growth*
 - *Driven by increments in*
 - PPE
 - Software development costs
 - *Significant portion of Intangible assets*
 - Typical to the industry
- Equity
 - *Significant growth*
 - *Share capital has remained constant*
 - *Retained earnings have increased significantly (32%)*
- Bank balance
 - *Increased exponentially (29%)*
 - *Cash held for investments?*
- Borrowings
 - *No real change*

Prantain			
Item	2019	2020	% Change
Non current Assets	1,343	1,389	3
Current Assets	1,262	1,538	22
Equity	1,044	1,213	16
Non current liabilities	495	498	1
Current Liabilities	1,066	1,216	14

Financial Statements – SCE (Prantain)

- *Dividends*
 - *94% of profits paid as dividends*
 - *06% of profits retained within the business*
 - Extremely high dividend payout
 - Company has enough reserves
 - Can keep investors happy
- *Gain on translation*
 - *W\$ 9 million*
 - *Due to international operations*

Ratio Analysis (Prantain)

Prantain				
Type	Ratio	2019	2020	Difference
Profitability	OP Margin	67%	68%	1%
	NP Margin	58%	59%	1%
	ROCE	527%	433%	-95%
Activity	Receivable Days	31	30	1
	Inventory Days	2	2	(0)
	Payable Days	7	31	24
	Cash Conversion Cycle	26	2	(1)
Gearing	Gearing 1	47%	41%	-6%
	Gearing 2	32%	29%	-3%
	Interest Cover	64	69	4
Liquidity	Current Ratio	1.2	1.3	0.1
	Quick Ratio	1.2	1.2	0.1

Ratio Analysis – (Contd.)

■ *Profitability Ratios*

- *Slight increase in OP & NP Margin*
- *ROCE has decreased significantly by 95%*
- *However, ROCE for 2020 is 433%*
- *No real issue*

■ *Activity Ratios*

- *No real change in*
 - *Receivable days*
 - *Inventory days*
- *Payable days has increased significantly by about 03 weeks*
 - *Negatively affects relationships with suppliers*

Ratio Analysis – (Contd.)

- **Gearing** has decreased by 3%
 - *Gearing is at an acceptable level (29%)*
 - *The company can easily raise debt finance in the future*
- **Interest Cover** has increased
 - *The company can easily meet its debt obligations*
- **Current Ratio** has increased slightly
 - *Ideal is 2:1 (actual is 1.3:1)*
 - *Need to improve*
- **Acid test ratio** has increased slightly
 - *Ideal is 1:1 (actual is 1.2:1)*
 - *Adequate*
 - *However, this ratio can be disregarded, given the negligible levels of inventory*

THANK YOU!

