

Activity Sheet 1: Comparing Companies Across the Same Industry

XYZ				EFG			
	2001	2002	2003		2001	2002	2003
Revenue	1,625,097	3,574,517	3,756,668	Revenue	1,465,934	3,189,223	4,219,468
Net Income	237,879	839,553	1,213,022	Net Income	105,648	399,119	1,093,189
Current 52 Week High and Low: 39.78, 30.30				Current 52 Week High and Low: 379.17, 161.31			
Cost Per Share: 38.49				Cost Per Share: 395.12			

Comparing the two internet companies, what do you notice about each? Which company appears to be doing better? If you did not own any stocks in either company, which company would you buy? Why?

EFG is an internet company and a big competitor of XYZ. You currently own 100 shares in XYZ. Based on the information above, would you buy more, sell or hold XYZ? Why or why not,

Based on the information provided, if you did not own EFG would you buy it? Why or why not?

You own 50 shares in EFG that you bought in 2002 at \$10.54. Would you buy more, sell your shares, or hold? Explain your action.

ANSWER KEY

Activity Sheet 1: Comparing Companies Across the Same Industry

XYZ				EFG			
	2001	2002	2003		2001	2002	2003
Revenue	1,625,097	3,574,517	3,756,668	Revenue	1,465,934	3,189,223	4,219,468
Net Income	237,879	839,553	1,213,022	Net Income	105,648	399,119	1,093,189
Current 52 Week High and Low: 39.78, 30.30				Current 52 Week High and Low: 379.17, 161.31			
Cost Per Share: 38.49				Cost Per Share: 395.12			

Comparing the two internet companies, what do you notice about each? Which company appears to be doing better? If you did not own any stocks in either company, which company would you buy stock in and why? _____

Company XYZ has much cheaper stock than EFG. The Revenue of XYZ has stalled in 2003 whereas the revenue in EFG has continued to increase. Finally Company EFG is making a much bigger profit than XYZ.

EFG is an internet company and a big competitor of XYZ. Knowing this information, you currently own 100 shares in XYZ, would you buy, sell or hold XYZ? Explain why or why not _____

I would sell my stock in XYZ and buy stock in EFG because EFG is more profitable. The big problem will be the cost of the stock which is 10 X as great.

Based on the information provided, would you buy shares in EFG? Why or why not? _____

see the answer above

Currently you own 50 shares in EFG that you bought in 2002 at 10.54. Would you buy more, sell your shares, or hold? Explain your action. _____

I could sell the shares and make a huge profit and maybe invest the money to diversify the portfolio. I could also keep the stock a little longer since the company is doing well and its price continues to rise.