

### Activity Sheet 3: The Performance of a Company

Each team member will research a company using both on-line materials and materials from the company itself. For each company you research, complete the following information in preparation for making a “buy” or “no buy” recommendation to the team.

**COMPANY NAME:** \_\_\_\_\_

**NAME OF RESEARCHER:** \_\_\_\_\_

1. What industry does this company belong to?
2. How has the company performed in the past year compared to the rest of the companies in its industry?
3. How has this company performed during the last quarter as compared to the rest of the market?
4. Has the company declared a dividend? If yes, what was the amount paid per stock share? How does this information impact your view of whether your team should purchase this stock?
5. Has the company declared a stock split in the last 3 years? If yes, what was it?
6. Rate the “health” of this company from “1” excellent health to “4” poor health. Explain your health report.
7. What information does the P/E ratio provide to you?



## ANSWER KEY

### Activity Sheet 3: The Performance of a Company

Each team member will research a company using both on-line materials and materials from the company itself. For each company you research, complete the following information in preparation for making a “buy” or “no buy” recommendation to the team.

**COMPANY NAME:** \_\_\_\_\_**Kellogg's**\_\_\_\_\_

**NAME OF RESEARCHER:** \_\_\_**KEY**\_\_\_

1. What industry does this company belong to? *Foods/Consumer Goods*
2. How has the company performed in the past year compared to the rest of the companies in its industry?

#### **DIRECT COMPETITOR COMPARISON**

	<b>GIS</b>	<b>DA</b>	<b>K</b>	<b>KFT</b>	<b>Industry</b>
<i>Market Cap:</i>	<i>18.64B</i>	<i>33.39B</i>	<i>18.82B</i>	<i>53.62B</i>	<i>18.58B</i>
<i>Employees:</i>	<i>27,800</i>	<i>88,184</i>	<i>25,600</i>	<i>94,000</i>	<i>38.00K</i>
<i>Qtrly Rev Growth (yoy):</i>	<i>4.60%</i>	<i>9.50%</i>	<i>6.00%</i>	<i>3.40%</i>	<i>0.00%</i>
<i>Revenue (ttm):</i>	<i>11.64B</i>	<i>16.39B</i>	<i>10.33B</i>	<i>34.46B</i>	<i>16.45B</i>
<i>Gross Margin (ttm):</i>	<i>40.16%</i>	<i>48.99%</i>	<i>45.46%</i>	<i>36.01%</i>	<i>40.16%</i>
<i>EBITDA (ttm):</i>	<i>2.48B</i>	<i>2.88B</i>	<i>2.20B</i>	<i>6.23B</i>	<i>2.42B</i>
<i>Oper Margins (ttm):</i>	<i>17.15%</i>	<i>13.36%</i>	<i>17.67%</i>	<i>15.55%</i>	<i>15.04%</i>
<i>Net Income (ttm):</i>	<i>1.09B</i>	<i>1.02B</i>	<i>999.80M</i>	<i>3.14B</i>	<i>999.80M</i>
<i>EPS (ttm):</i>	<i>2.900</i>	<i>1.35</i>	<i>2.428</i>	<i>1.874</i>	<i>1.74</i>
<i>P/E (ttm):</i>	<i>18.06</i>	<i>20.23</i>	<i>19.71</i>	<i>17.23</i>	<i>19.98</i>
<i>PEG (5 yr expected):</i>	<i>2.05</i>	<i>N/A</i>	<i>2.19</i>	<i>2.43</i>	<i>2.18</i>
<i>P/S (ttm):</i>	<i>1.60</i>	<i>2.04</i>	<i>1.86</i>	<i>1.57</i>	<i>1.58</i>

*DA = Groupe DANONE*

*K = Kellogg Co.*

*KFT = Kraft Foods Inc.*

*Industry = Food - Major Diversified*

3. How has this company performed during the last quarter as compared to the rest of the market?  
*See chart above-Kellogg's is doing better than most*
4. Has the company declared a dividend? If yes, what was the amount paid per stock share? How does this information impact your view of whether your team should purchase this stock? *The dividend id \$1.40. This could be another advantage to buying this stock.*
5. Has the company declared a stock split in the last 3 years? If yes, what was it?  
*There has been no split.*
6. Rate the "health" of this company from "1" excellent health to "4" poor health. Explain your health report.  
*This company is a 2- Cereal maker Kellogg Co. posted a higher quarterly profit on a 7 percent rise in sales, as higher prices helped offset increases in costs for commodities like energy and grains. This is a product, which people would buy even if the economy was weakening.*
7. What information does the P/E ratio provide to you? *It explains the relationship between the price the stock is selling for divided by what it earns per price. Kellogg's seems to have a P/E in line with the other stocks in this group.*
8. Based upon the dividend yield, would this be a good investment for the long-term investor? Why or why not? Does this information impact your view of investing in this stock? *This stock has an OK dividend but not a great dividend so it would not be the main reason you buy this stock.*
9. What additional information can you gain from the profit and loss statements of the company?  
*Profit for the second quarter was \$266.5 million, or 67 cents a share, compared with \$259 million, or 62 cents a share, a year earlier. Analysts on average forecast 65 cents a share, according to Reuters Estimates. This means the stock is doing better than expected which is good!*