**COMPANY OVERVIEW**

SACO Is Considered One of The Largest Companies Providing Home Improvement Products in Saudi Arabia. SACO Currently Operates 34 Stores In 18 Cities Throughout the Kingdom, Including Five SACO World Superstores.

**COMPANY HISTORY**

Saudi Company for Hardware (SACO) Is A Saudi Joint Stock Closed Company. SACO Was Incorporated in Riyadh as A Limited Liability Company.

The Company's total shares are 24,000,000. The Company's Shares Were Listed on The Saudi Stock Market on May 12, 2015. As Of December 31, 2019, The Company’s Share Capital Was SR 360 million Divided Into 36 million Shares of SR 10 Each (2018: SR 360 million Divided Into 36 million Shares of SR 10 Each)

(Add more information)

**COMMON SIZE INCOME STATEMENT**

A common-size income statement is an income statement in which each line item is expressed as a percentage of the value of revenue or sales. It is used for vertical analysis, in which each line item in a financial statement is represented as a percentage of a base figure within the statement.



(write an analysis)

COMMON SIZE BALANCE SHEET

A common-size [balance sheet](https://www.investopedia.com/terms/b/balancesheet.asp) is a balance sheet that displays both the numeric value and relative percentage for total [assets](https://www.investopedia.com/terms/a/asset.asp), [total liabilities](https://www.investopedia.com/terms/t/total-liabilities.asp), and [equity](https://www.investopedia.com/terms/e/equity.asp) accounts. Internal and external analysts use common-size balance sheets and are not a reporting requirement of [generally accepted accounting principles](https://www.investopedia.com/terms/g/gaap.asp)(GAAP).





(Analysis of common size Balance sheet and income statement)

DUPONT ANALYSIS

(make a DuPont analysis and write your comments)

**RATIO ANALYSIS**

ratios are ways of comparing and investigating the relationships between different pieces of financial information.

Financial ratios categories:

1. **Short-term solvency, or liquidity, ratios.**

* Current ratio= CA/CL

SACO will be able to pay its short-term liabilities with 2.19 years in 2018, 1.56 in 2019, and 1.81 in 2020.

* Quick ratio=(CA-Inventory)/CL

Based on the numbers of quick ratio, Saco has lower liquid assets to pay its liabilities and should be treated with caution.

* Cash ratio=Cash/CL

The cash ratio is less than 1; there are more current liabilities than cash and cash equivalents. It means insufficient cash on hand exists to pay off short-term debt.



(Comments about the company ratios)

1. **Long-term solvency, or financial leverage, ratios.**

* Debt to equity ratio=TL/TE
* Debt to capital ratio=TL/(TE+TL)
* Equity multiplier= 1+Debt to equity ratio or TA/TE

(Comments about the company ratios)

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1. **Asset management.**

* Account payable days = accounts payable/Average daily cost of sales
* Inventory days = inventory / average daily cost of sales

The average inventory days for 2018,2019 and 2020 are 216.68, which is considered high in the retail industry.

* Assets turnover = sales / total assets

The higher the assets turnover ratio, the better the company is performing.



1. **Profitability ratios.**

* Gross Margin = Gross profit/ Sales
* Operating margin= operating income / sales

The operating margin of 8.07%,7.34%, and 9.43% is considered acceptable but not ideal and should increase to 15%, at least in the retail industry.

* Net profit margin = NI/ sales
* Return on equity = NI/total equity

SACO is maintaining a good and acceptable Return on equity.



1. **Market value ratios.**

* Earnings per share= NI/ shares outstanding



**CAPITAL ASSETS PRICING MODEL (CAPM)**

1. Beta: (what is beta)



The data used is a monthly closing price for the past two years.

( correlation , covariance beta analysis)

**WACC** (calculate WACC and write analysis)

**TREND ANALYSIS**



(write a brief)



(write a brief)

(Add graphs and chart)

**CONCLUSION**

The retail market has been impacted by the coronavirus’s economic pressures, which negatively impact groups revenue due to the closure of specific group’s stores from March 17 to the end of April 2020. However, the Group took advantage of the initiatives provided by the government to minimize the impact of the coronavirus outbreak and, in particular, the initiative related to SANED and also the related amendments of IFRS-16 rent concessions, which resulted in a decrease in some operating expenses during the year ended December 31, 2020.

Notwithstanding the challenges faced in 2020, the Group was able to open new stores, expand its sales operations, and launch a new E-commerce platform, which positively improved its performance.

While the impact of the pandemic is currently expected to be temporary, there is uncertainty around the severity and duration of the disruption, and its effect on the business and economy remains uncertain. It depends on future developments that cannot be accurately estimated.

( Add a summary of the analysis)

APPENDIX

1. Income statement



1. Balance sheet



1. Statement of cash flow



REFERENCES

# Corporate Finance 13th Edition by [Randolph Westerfield](https://www.amazon.com/s/ref=dp_byline_sr_book_2?ie=UTF8&field-author=Randolph+Westerfield&text=Randolph+Westerfield&sort=relevancerank&search-alias=books), [Jeffrey Jaffe](https://www.amazon.com/s/ref=dp_byline_sr_book_3?ie=UTF8&field-author=Jeffrey+Jaffe&text=Jeffrey+Jaffe&sort=relevancerank&search-alias=books), [Bradford Jordan](https://www.amazon.com/s/ref=dp_byline_sr_book_4?ie=UTF8&field-author=Bradford+Jordan&text=Bradford+Jordan&sort=relevancerank&search-alias=books).

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