

Dell Case Questions

ENG

To be discussed/calculated within the group (answers to 1, 2, 6 and 8 to be finalised also in writing by the group and submitted to Moodle):

1. Fill in the cells in Appendix 6 (the same table is available in the Excel file sheet "Appendix 6"). Use the following formulas:

Current ratio = current assets / current liabilities

Quick ratio = (current assets - inventories) / current liabilities

Cash conversion cycle = days supply in inventory + days sales outstanding - days in accounts payable

Days supply in inventory = (average inventory / cost of goods sold) * 360

Days sales outstanding = (average accounts receivable / net revenue) * 360

Days in accounts payable = (average accounts payable / cost of goods sold) * 360

Net working capital = current assets - current liabilities

Net working capital to sales = (current assets - current liabilities) / sales

Gross margin = gross profit / sales

Operating margin = operating profit / sales

ROA = net profit / average total assets

ROE = net profit / average total equity

Equity ratio = equity / total assets

Debt to equity = total interest-bearing debt / total equity

Debt to assets = total interest-bearing debt / total assets

2. How do the annual financial ratios of Dell compare to those of HP and Lenovo? In which respect are they better and which respect weaker? Remember to cover all financial indicator groups.
3. Considering the results above and information provided in the case material what are the main strengths of Dell's working capital management?
4. What are the weak spots in Dell's working capital management?
5. How would the lengthening of days supply in inventory or days accounts payable affect Dell's cash conversion cycle?
6. What are the current asset financing strategies (aggressive, moderate, conservative) of Dell, HP and Lenovo? What are the differences between companies? Hint: base your evaluation on the ratio of long-term and spontaneous financing to non-current assets. Provide calculated ratios along with calculation details. Hint: Long-term financing includes both long-term debt and equity.
7. Does Dell's current working capital management provide competitive advantages over competitors?
8. See the financials of **Dell Technologies** (separate Excel file), fill in the sheet "Appendix New". What are the major differences in financial ratios of Dell Technologies 2015-2019 compared to the ones previously reported for Dell? What could possibly explain the changes?

EST

Arutatakse/arvutatakse grupis (vastused küsimustele 1, 2, 6 ja 8 pannakse grupi poolt kirja ning esitatakse Moodle'i kaudu):

1. Täitke lisa 6 lahtrid (see tabel on olemas Exceli failis lehel "Appendix 6"). Kasutage järgmisi valemeid:

Current ratio = *current assets* / *current liabilities*

Lühiajalise võlgnevuse kattekordaja = käibevara/lühiajalised kohustused

Quick ratio = (*current assets* - *inventories*) / *current liabilities*

Maksevõimekordaja = (käibevara – varud) / lühiajalised kohustused

Cash conversion cycle = *days supply in inventory* + *days sales outstanding* - *days in accounts payable*

Rahatsükkel = varude kuluvälde + ostjate arvete käibevälde – hankijate arvete kuluvälde

Days supply in inventory = (*average inventory* / *cost of goods sold*) * 360

Varude kuluvälde = (keskmised varud / realiseeritud toodete kulu) * 360

Days sales outstanding = (*average accounts receivable* / *net revenue*) * 360

Ostjate arvete käibevälde = (keskmine nõuded ostjate vastu / müügitulu) * 360

Days in accounts payable = (*average accounts payable* / *cost of goods sold*) * 360

Hankijate arvete kuluvälde = (keskmine hankijatele tasumata arved / realiseeritud toodete kulu) * 360

Net working capital = *current assets* - *current liabilities*

Puhas käibekapital = käibevara – lühiajalised kohustused

Net working capital to sales = (*current assets* - *current liabilities*) / *sales*

Puhta käibekapitali osakaal käibest = (käibevara - lühiajalised kohustused) / müügitulu

Gross margin = *gross profit* / *sales*

Käibe kogurentaablus = brutokasum / müügitulu

Operating margin = *operating profit* / *sales*

Käibe ärirentaablus = ärikasum / müügitulu

ROA = *net profit* / *average total assets*

Vara puhasrentaablus = puhaskasum / keskmine vara

ROE = *net profit* / *average total equity*

Omakapitali puhasrentaablus = puhaskasum / keskmine omakapital kokku

Equity ratio = *equity* / *total assets*

Soliidsuskordaja = omakapital / vara kokku

Debt to equity = *total interest-bearing debt* / *total equity*

D/E suhe = intressikandvad kohustused kokku / omakapital kokku

Debt to assets = *total interest-bearing debt* / *total assets*

D/A suhte = intressikandvad kohustused kokku / vara kokku

2. Millised on Dell'i finantssuhtarvud võrreldes HP ja Lenovo vastavate näitajatega. Mille poolest on need paremad ja mille poolest nõrgemad? Käsitlege vastuses kõiki suhtarvugruppe.
3. Arvestades eelnevalt esitatud tulemusi ja kaasuse tekstis esitatud infot nimetage peamised Dell'i käibekapitali juhtimise tugevused.
4. Millised on Dell'i käibekapitali juhtimise nõrgad kohad?
5. Kuidas mõjutaks varude kuluvälte ning hankijate arvete kuluvälte pikenemine Dell'i rahatsüklit?
6. Milliseid käibevarade finantseerimise strateegiaid (agressiivne, mõõdukas, konservatiivne) kasutavad Dell, HP ja Lenovo? Millised on peamised erisused ettevõtete vahel? Vihje: kasutage otsuse tegemisel pikaajalise ja spontaanse finantseerimise suhet põhivarasse. Tooge välja arvutatud indikaatorid koos arvutuskäiguga. Vihje: pikaajaline finantseerimine sisaldab nii pikaajalist laenu kui ka omakapitali.
7. Kas Dell'i käibekapitali juhtimine annab talle mingeid konkurentsieeliseid konkurentide ees?

8. Vaadake **Dell Technologies** finantsnäitajaid (eraldi Exceli fail), täitke leht „Appendix New“. Millised on peamised erisused Dell Technologies 2015-2019 finantssuhtarvudes võrreldes Dell'i eelnevate näitajatega? Mis võiks selgitada muutusi?