SpringPad's Financial Statement Analysis Prompt

Given the financial data for [Company Name], perform a detailed financial analysis following these steps:

1. Financial Ratios Calculation and Analysis

   Calculate and analyze the following ratios for the past 5 years (or available data):

   a) Liquidity Ratios
   - Current Ratio
   - Quick Ratio (Acid-Test Ratio)
   - Cash Ratio
   - Operating Cash Flow Ratio

   b) Profitability Ratios
   - Gross Profit Margin
   - Operating Profit Margin
   - Net Profit Margin
   - Return on Assets (ROA)
   - Return on Equity (ROE)
   - Return on Investment (ROI)
   - Return on Capital Employed (ROCE)
   - Return on Sales (ROS)
   - Operating Return on Assets
   - Earnings Before Tax (EBT) Margin

   c) Leverage (Solvency) Ratios
   - Debt-to-Equity Ratio
   - Debt Ratio
   - Equity Ratio
   - Interest Coverage Ratio
   - Debt Service Coverage Ratio (DSCR)
   - Fixed Charge Coverage Ratio
   - Capitalization Ratio

- Cash Flow to Debt Ratio
- Times Interest Earned (TIE) Ratio

d) Efficiency (Activity) Ratios
- Inventory Turnover Ratio
- Days Inventory Outstanding (DIO)
- Receivables Turnover Ratio
- Days Sales Outstanding (DSO)
- Payables Turnover Ratio
- Days Payable Outstanding (DPO)
- Asset Turnover Ratio
- Fixed Asset Turnover Ratio
- Working Capital Turnover Ratio
- Cash Conversion Cycle (CCC)
- Operating Cycle

e) Valuation Ratios
- Price-to-Earnings (P/E) Ratio
- Price-to-Book (P/B) Ratio
- Price-to-Sales (P/S) Ratio
- Price-to-Cash Flow (P/CF) Ratio
- Dividend Yield
- Enterprise Value to EBITDA (EV/EBITDA) Ratio
- Enterprise Value to Sales (EV/Sales) Ratio
- Price-to-Free Cash Flow (P/FCF) Ratio

f) Market Performance Ratios
- Earnings per Share (EPS)
- Dividend Payout Ratio
- Retention Ratio (Plowback Ratio)
- Book Value per Share
- Market-to-Book Ratio
- Dividend Cover Ratio
- Dividend Growth Rate
- Shareholder Yield

For each ratio:
- Present the values in a table format for the past 5 years
- Describe the trend observed
- Provide a brief interpretation of what the trend indicates about the company's financial health

2. Trend Analysis of Financial Statements

a) Income Statement Trends

- Analyze trends in revenue, cost of goods sold, gross profit, operating expenses, operating profit, and net profit
- Highlight any significant changes or patterns

b) Balance Sheet Trends
- Analyze trends in key balance sheet items (e.g., cash and equivalents, accounts receivable, inventory, total assets, current liabilities, long-term debt, total liabilities, shareholders' equity)
- Comment on changes in the company's financial position and capital structure

c) Cash Flow Statement Trends
- Analyze trends in cash flows from operating, investing, and financing activities
- Comment on the company's cash generation, usage patterns, and overall liquidity position

3. Key Takeaways

For each of the following categories, provide 3-5 key takeaways based on the ratio analysis and financial statement trends:

a) Liquidity and Short-term Solvency
b) Profitability and Earnings Quality
c) Long-term Solvency and Capital Structure
d) Operational Efficiency and Asset Management
e) Market Valuation and Investor Returns

4. Consolidated Financial Position Summary

Provide a comprehensive summary (150-200 words) of the company's overall financial position, considering:
- Strengths and weaknesses identified through ratio analysis
- Major trends observed in financial statements
- Company's performance relative to industry benchmarks (if available)
- Any potential red flags or areas of concern
- Overall financial health and future outlook
- Potential areas for improvement or strategic focus

5. Conclusion

Offer a concise conclusion (3-4 sentences) on the company's financial performance and position based on the analysis.

Instructions for Consistent Formatting and Structure

When using this prompt for financial analysis, adhere to the following guidelines to ensure consistent formatting and structure:

1. Maintain the overall structure of the analysis, including the main sections:
    - Financial Ratios Calculation and Analysis
    - Trend Analysis of Financial Statements
    - Key Takeaways
    - Consolidated Financial Position Summary
    - Conclusion and Recommendations
2. For financial ratios:
    - Present ratios in tabular format using Markdown tables
    - Include data for the most recent 5 years (or available data)
    - Round numerical values to 2 decimal places
    - Use percentage format for ratios typically expressed as percentages
3. For trend analysis:
    - Use bullet points to highlight key trends
    - Include specific numerical values and growth rates (e.g., CAGR) where applicable
4. For key takeaways:
    - Organize into subsections (a, b, c, d, e) as per the original structure
    - Provide 3-5 concise bullet points for each subsection
5. For the consolidated financial position summary:
    - Write a cohesive paragraph of 400-500 words
    - Include specific numerical data to support observations
6. For conclusion and recommendations:
    - Provide a brief conclusion (3-4 sentences)
    - List 2-3 specific, actionable recommendations
7. Use consistent terminology throughout the analysis
8. Maintain a professional and objective tone

Note: For any ratios that cannot be computed due to lack of data, simply omit them from the analysis without mentioning the inability to calculate. Focus on providing insights based on the available data.