

Jackson Automotive

Jackson Automotive Systems

Juan Ramon Ruano
Roberto Flores
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Cynthia León

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Executive Summary

- Jackson Automotive requested a long term loan of 7.4 million that would be paid on September 30, 2013.
- They asked for 5 million to repurchase stock and an extra 2.4 to be able to replace the old equipment.

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Industry & Company

- The financial crisis in 2008 dropped sales in 30%.
- The industry was running at about 55% of its capacity.
- In 2011 the industry had returned to profitability.
- In September 2012, Edwards decided to repurchase stock from a group of shareholders.

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Projections and Findings

	2012	2013	2014	2015
Revenue	6,480	6,700	6,900	7,100
Cost of Sales	(1,740)	(1,780)	(1,820)	(1,860)
Gross Profit	4,740	4,920	5,080	5,240
Operating Expenses	(1,100)	(1,150)	(1,200)	(1,250)
Operating Income	3,640	3,770	3,880	3,990
Interest Expense	(1,000)	(1,000)	(1,000)	(1,000)
Income Before Tax	2,640	2,770	2,880	2,990
Income Tax	(660)	(693)	(720)	(748)
Net Income	1,980	2,077	2,160	2,242

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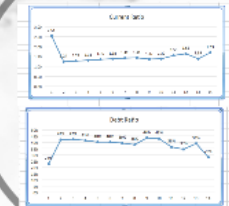
Solution

- Not paying dividends, divide the loan, reduce purchases, reduce operating expenses.

	2012	2013	2014	2015
Revenue	6,480	6,700	6,900	7,100
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Financial Ratios



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Projections and Findings

	2012	2013	2014	2015
Revenue	4,200	4,000	4,000	4,000
Exp. mfg	2,100	2,000	2,000	2,000
Manufacturing	8	9	11	12
Trade-In	2,700	2,700	2,700	2,700
Capital				
Equity	4,000	4,000	4,000	4,000
Debt	2,100	2,000	2,000	2,000
Debt/Equity	0.525	0.500	0.500	0.500
Debt/Revenue	0.500	0.500	0.500	0.500
Debt/Equity	0.525	0.500	0.500	0.500

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Manufacturing	8	9	11	12
Trade-In	2,700	2,700	2,700	2,700
Capital				
Equity	4,000	4,000	4,000	4,000
Debt	2,100	2,000	2,000	2,000
Debt/Equity	0.525	0.500	0.500	0.500
Debt/Revenue	0.500	0.500	0.500	0.500
Debt/Equity	0.525	0.500	0.500	0.500

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Projections and Findings

Inflow	June	July	August	September
Initial Balance	4,994	1,627	6,536	7,034
Collection	3,744	10,881	6,474	7,201
New Loan		2,400		
Interest Income	8	3	11	12
Total Inflow	3,752	13,284	6,485	7,213
Outflow				
CAPEX		2,400		
AP	5,969	5,200	5,200	5,200
Taxes	375			375
SG&A	750	750	750	750
Int. payments	25	25	37	37
Principal pay				7,400
Dividends				1,200
Total outflow	7,119	8,375	5,987	14,962
Final Balance	1,627	6,536	7,034	-715

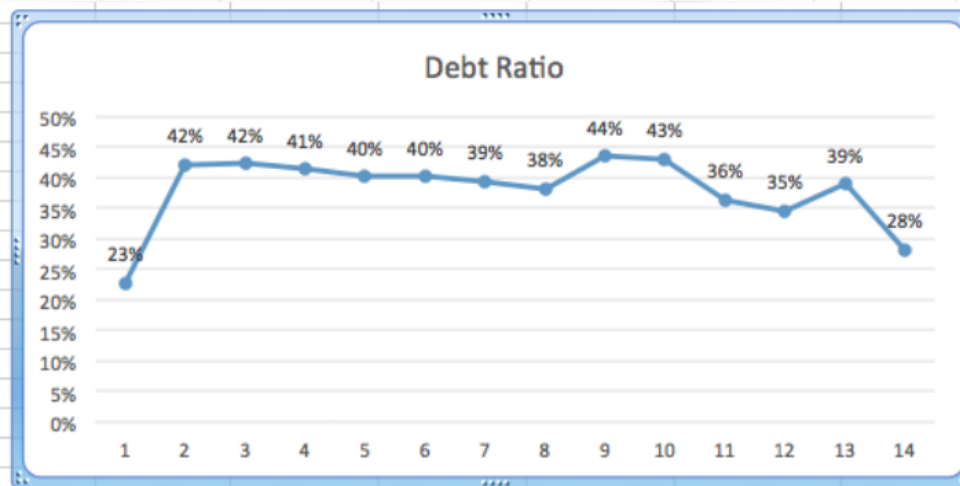
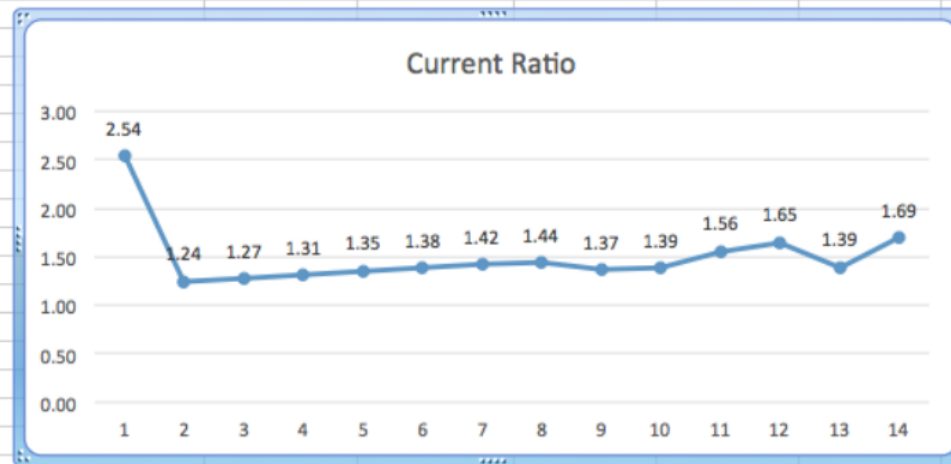
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Solution

- Not paying dividends, divide the loan, reduce purchases, reduce operating expenses.

	June	July	August	September	October
Inflow					
Initial Balance	4,994	1,707	7,396	8,674	5,305
Collection	3,744	10,881	6,474	7,201	7,394
New Loan		2,400			
Interest Income	8	3	11	12	9
Total Inflow	3,752	13,284	6,485	7,213	7,403
Outflow					
CAPEX		2,400			
AP	5,969	4,500	4,500	4,500	4,500
Taxes	375			375	
SG&A	670	670	670	670	670
Int. payments	25	25	37	37	16
Principal pay				5,000	2,400
Dividends					
Total outflow	7,039	7,595	5,207	10,582	7,586
Final Balance	1,707	7,396	8,674	5,305	5,122

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