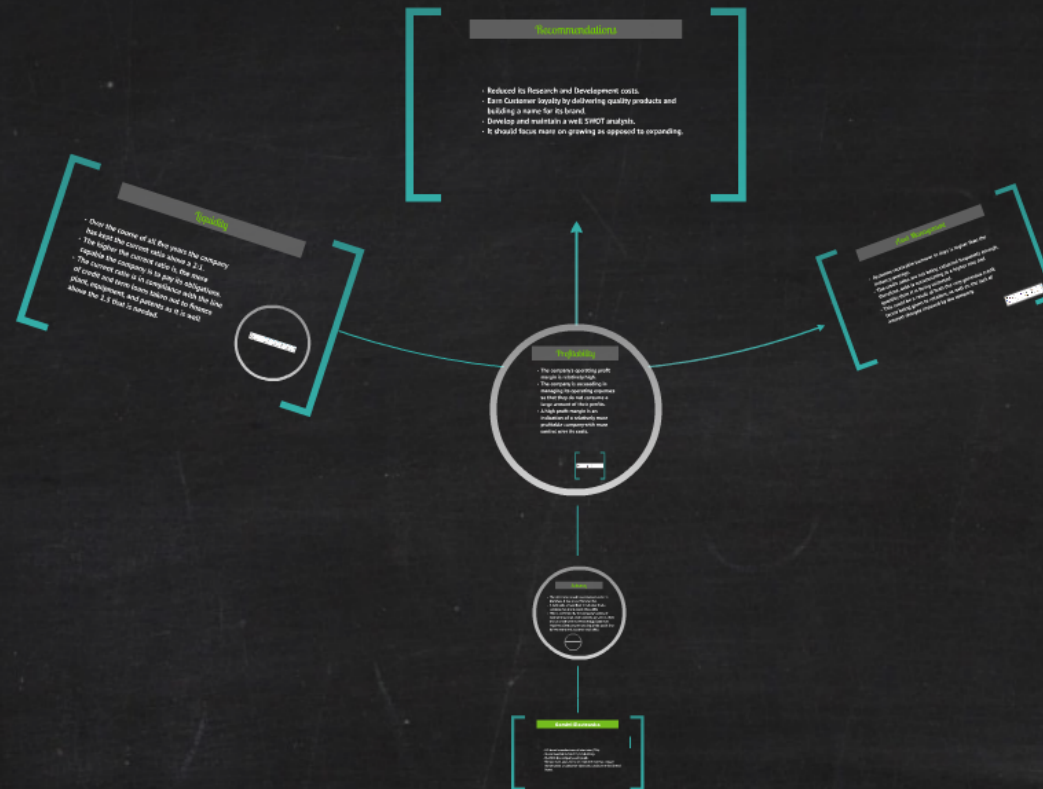


Gemini Electronics Harvard Case Solution & Analysis

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Gemini Electronics

- U.S based manufacturer of television (TVs).
- It was founded in 2002 by Frank Wang.
- By 2005 the company went public.
- Wang's main goal was to re-establish itself as a major manufacture of consumer electronic products in the United States.

Liquidity

- Over the course of all five years the company has kept the current ratio above a 2:1.
- The higher the current ratio is, the more capable the company is to pay its obligations.
- The current ratio is in compliance with the line of credit and term loans taken out to finance plant, equipment, and patents as it is well above the 1.5 that is needed.



	2016	2015	2014	2013	2012
Liquidity					
Current ratio	2.21	2.21	2.01	2.01	2.01
Debt to capitalization	0.44	0.44	0.44	0.44	0.44
Debt to total assets	0.44	0.44	0.44	0.44	0.44
Debt to total assets (incl. R&D)	0.44	0.44	0.44	0.44	0.44
Debt to total assets (incl. R&D)	0.44	0.44	0.44	0.44	0.44

	2005	2006	2007	2008	2009
Liquidity					
Current ratio	2.22	2.34	2.68	2.52	2.56
Quick ratio	1.10	1.14	1.38	1.25	1.24
Cash Ratio	0.54	0.58	0.75	0.63	0.60
Net Working Capital (NWC)	696,760,110	1,808,760,917	3,204,362,874	3,277,892,644	3,663,333,120
NWC/Total Assets	0.33	0.41	0.46	0.39	0.37

Asset Management

- Accounts receivable turnover in days is higher than the industry average.
- The credit sales are not being collected frequently enough, therefore, debt is accumulating at a higher rate and quantity than it is being collected.
- This could be a result of both the very generous credit terms being given to retailers, as well as, the lack of interest charges imposed by the company.

Lower Range					
APR 1990	6.75	7.25	7.25	8.15	8.00
APR 1991	56.25	61.17	63.00	55.00	57.50
APR 1992	10.00	10.00	10.00	10.00	10.00
APR 1993	179.00	190.87	179.00	177.00	179.00
APR 1994	420.00	420.00	420.00	420.00	420.00
APR 1995	8.15	8.15	8.15	8.15	8.15
APR 1996	212.25	212.25	212.25	212.25	212.25
APR 1997	11.40	11.40	11.40	11.40	11.40
APR 1998	2.54	2.54	2.54	2.54	2.54
APR 1999	2.15	2.15	2.15	2.15	2.15
APR 2000	1.75	1.75	1.75	1.75	1.75

Asset Management					
A/R Turnover	6.76	7.13	7.22	9.16	9.09
A/R Turnover in Days	54.00	51.17	50.56	39.83	40.16
Inventory Turnover	2.07	1.93	2.03	2.87	2.90
Inventory Turnover in Days	176.36	188.67	179.78	127.00	125.93
Operating Cycle	230.36	239.84	230.34	166.82	166.09
A/P Turnover	3.13	3.08	3.85	5.23	5.74
A/P Turnover in Days	116.51	118.39	94.69	69.86	63.63
Cash Conversion Cycle	113.84	121.45	135.65	96.97	102.47
NWC Turnover	2.54	2.52	2.28	3.10	3.07
Fixed Assets Turnover	3.01	6.66	6.58	5.34	4.06
Total Assets Turnover	1.03	1.23	1.24	1.46	1.37

Solvency

- The debt ratio is and has remained under 1; therefore, it has a low financial risk.
- A debt ratio of less than 1 indicates that a company has more assets than debt.
- This is confirmed by the company's policy of maintaining large cash balances, as well as, their line of credit with the Wells Fargo Bank that requires a 200 percent security of the credit line by inventory and accounts receivable.



Debt to Capitalization Ratio					
Year	2010	2011	2012	2013	2014
Debt to Capitalization Ratio	0.85	0.85	0.85	0.85	0.85