DREAMWORKS ANIMATION
FINANCIAL ANALYSIS

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FINANCIAL ANALYSIS

Du-pont Formula	DreamWorks (2012)	DreamWorks (2011)	Lionsgate
Profit Margin	-0.049	0.123	-0.025
Asset turnover	0.386	0.397	0.569
Equity multiplier	1.445	1.311	31.052
Return on equity	**-0.027@-2.81%**	**0.064**	**-0.436**

FINANCIAL ANALYSIS

	DreamWorks (2012)	DreamWorks (2011)	Lionsgate
Current ratio	2.99	3.14	0.36
Asset Turnover	0.39	0.40	0.57
PP&E Turnover	3.97	4.09	162.46
Debt Ratio	0.31	0.24	0.97
Debt to Equity Ratio	0.12	0	18.69
Time interest earn	-24.04	164.21	0.56
Return on assets	0.39	0.40	0.57
Return on equity	-0.03	0.06	-0.44

AREAS OF SIGNIFICANT WEAKNESS

- Net income decreased from year 2011 to 2012 while SG&A increased from 2011 to 2012.
- The decrease in net income from 2011 to 2012 is due in part to the decline in DVD units sold, which accelerated between the years (Annual Report 2011, pg 15).

ROE: COMPARISON WITH COMPETITOR

Lionsgate:

- Equity multiplier: The huge number shows that Lionsgate is funding the company using debt financing
- Profit margin is also at a negative, thus effecting the final return on equity

AREAS FOR IMPROVEMENT

- Seek to raise Profit Margin and Asset Turnover by:
  - Increasing sales and reduce the cost of goods sold and SG&A
- Continue pursuing international opportunities:
  - Licensing developer for Russian Theme Park
  - Increase revenue without increasing equity or liabilities
  - Support of DreamWorks Oriental, Shanghai based studio