

Financial Analysis Project Final Document

A blue speech bubble with a tail pointing towards the word 'Project' in the title.

Mia Zhong & Tingting Shi
Professor Kobus

Financial Analysis project

- Part I
 - Business Database
 - Income Statement Analysis
- Part II
 - Balance Sheet Analysis
- Part III
 - Cash Flow Statement Analysis
- Part IV
 - Financial Analysis
 - Ratio Analysis
 - Strategic Recommendation
- Appendix
- Presentation

Financial Analysis Project Part I

An orange speech bubble with a tail pointing towards the bottom left, containing the names of the presenters.

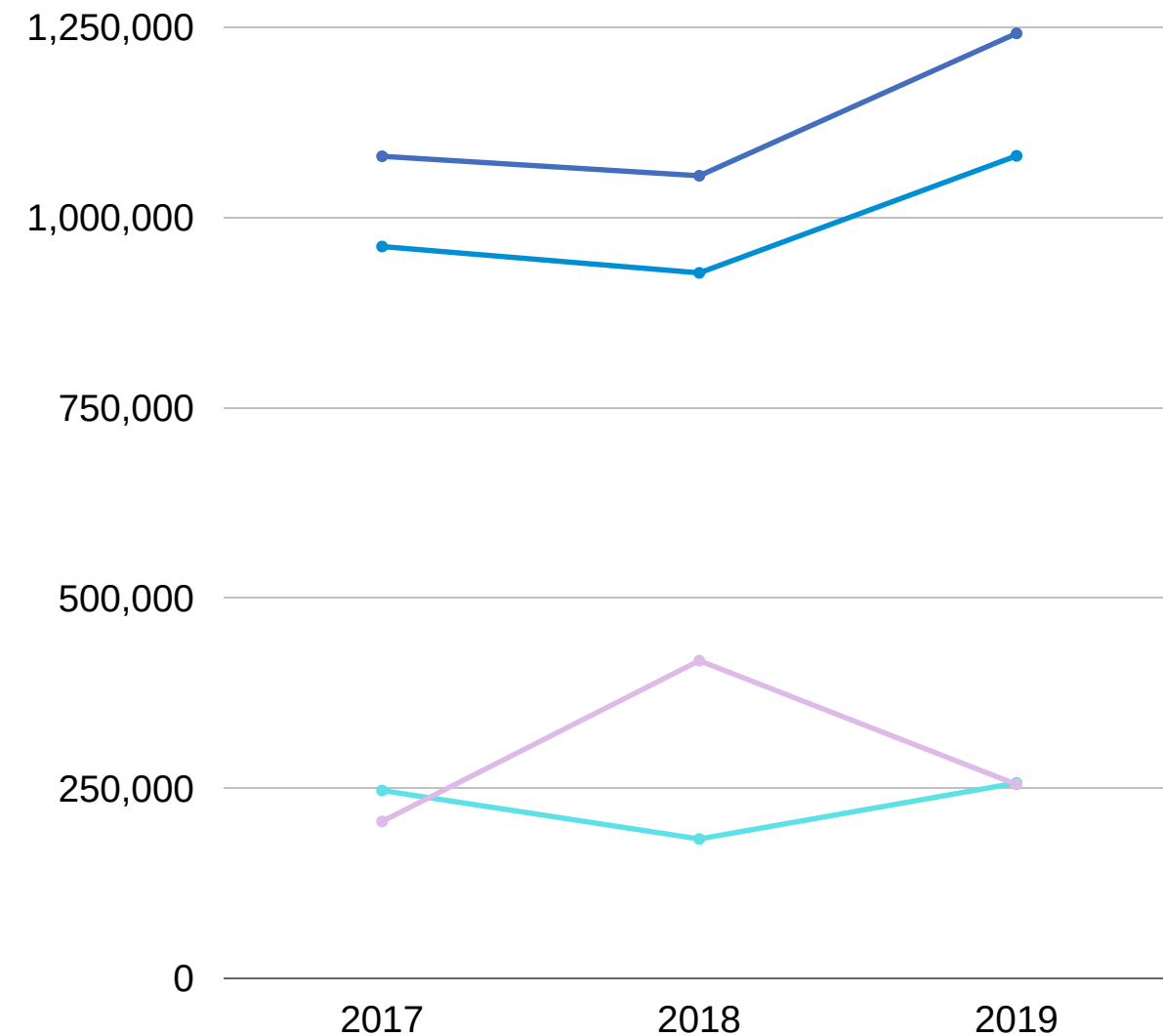
Mia Zhong & Tingting Shi
Professor Kobus

database of 30 companies

1	Company name	Headquarters location	CEO	Stock symbol	Industry	Market value	Form 10-K Fiscal Year
2	Warner Music Group Corp.	New York,NY	Stephen F. Cooper	WMG	entertainment	13.872 billion	2019
3	The Walt Disney Co	burbank, CA	Robert A. Iger	DIS	entertainment	228.142 billion	2019
4	Tesla	Palo Alto, CA	Elon Musk	TSLA	Vehicle manufacturing, renewable energy	389,914 million	2019
5	Hewlett-Packard Company	Pafo Alto, CA	Meg Whitman	HPQ	Computer hardware, electronics manufacturing	25,890 million	2019
6	Mogu Inc.	Hangzhou, ZJ	Qi Chen	MOGU	online fashion	260 million	2019
7	Uber	San Francisco, CA	Dara Khosrowshahi	UBER	transport	62,350 million	2019
8	Virgin Galactic	Las Cruces, NM	Michael Colglazier	SPCE	space tourist	4,707 million	2019
9	Alibaba Group	Hangzhou, ZJ	Daniel Zhang	BABA	digital economy	746.585 billion	2019
10	Nokia Corporation	Tampere, Finland	Pekka Lundmark	NOKIA	Communication device internet equipment	21,979million	2019
11	Intel Corporation	Santa Clara, CA	Bob Swan	INTC	semiconductor	217,964million	2019
12	Advanced Micro Devices	Sunnyvale, CA	Lisa Su	AMD	semiconductor	92,457million	2019
13	Apple	Cupertino, CA	Timothy Donald Cook	AAPL	computer softwear, digital distribution, retail	1955,329 million	2019
14	Amazon.com, Inc	Seattle, WA	Jeff Bezos	AMZN	digital economy	1,584.018 billion	2019
15	Pinterest	San Francisco, CA	Ben Silbermann	PINS	Internet	24,569million	2019
16	Unilever NV	London	Alan Jope	UN	Consumer Goods	158.540 billion	2019
17	Zoom	San Jose, CA	Eric S. Yuan	ZM	Videoconferencing, VoIP, and Instant messaging	139,811million	2019
18	Microsoft	Redmond, WA	Satya Nadella	MSFT	Software development, computer hardware, consumer electronics	158,367 million	2019
19	Starbucks Corp	Seattle, WA	Patrick Grismer	SBUX	retail	100.499 billion	2019
20	Comcast Corporation	Philadelphia, PA	Brain L. Roberts	CMCSA	Telecommunications, Media	213,344 million	2019
21	lululemon athletica, Inc.	Vancouver,BC	Calvin McDonald	LULU	retail	41.409 billion	2019
22	Citigroup Inc	New York, NY	Michael Louis Corbat	C	financial	90, 363million	2019
23	Deckers Outdoor Corp.	Goleta, CA	Dave Powers	DECK	apparel	6.141 billion	2019
24	Bank of America	Charlotte, NC	Brain Moynihan	BAC	banking industry	209,108million	2019
25	Wells Fargo & Company	San Francisco, CA	Charles Scharf	WFC	Finance and insurance	98,613million	2019
26	The Estée Lauder Companies	New York, NY	Fabrizio Freda	EL	cosmetics	78.039 billion	2020
27	The Boeing Company	Chicago, IL	Dave Calhoun	BA	Aerospace and defence contractors	93,780million	2019
28	General Electric Company	Coventry, England	Larry Culp	GE	Integrated enterprise	54,358million	2019
29	Dolby Laboratories	San Francisco, CA	Kevin Yeaman	DLB	entertainment	6.641 billion	2019
30	Walmart	Bentonville, AR	Doug McMillon	WMT	retail trade	388,975million	2019
31	Hilton Worldwide Holdings	Beverly Hills, CA	Christopher J. Nassetta	HLT	hospitality	24.697 billion	2020

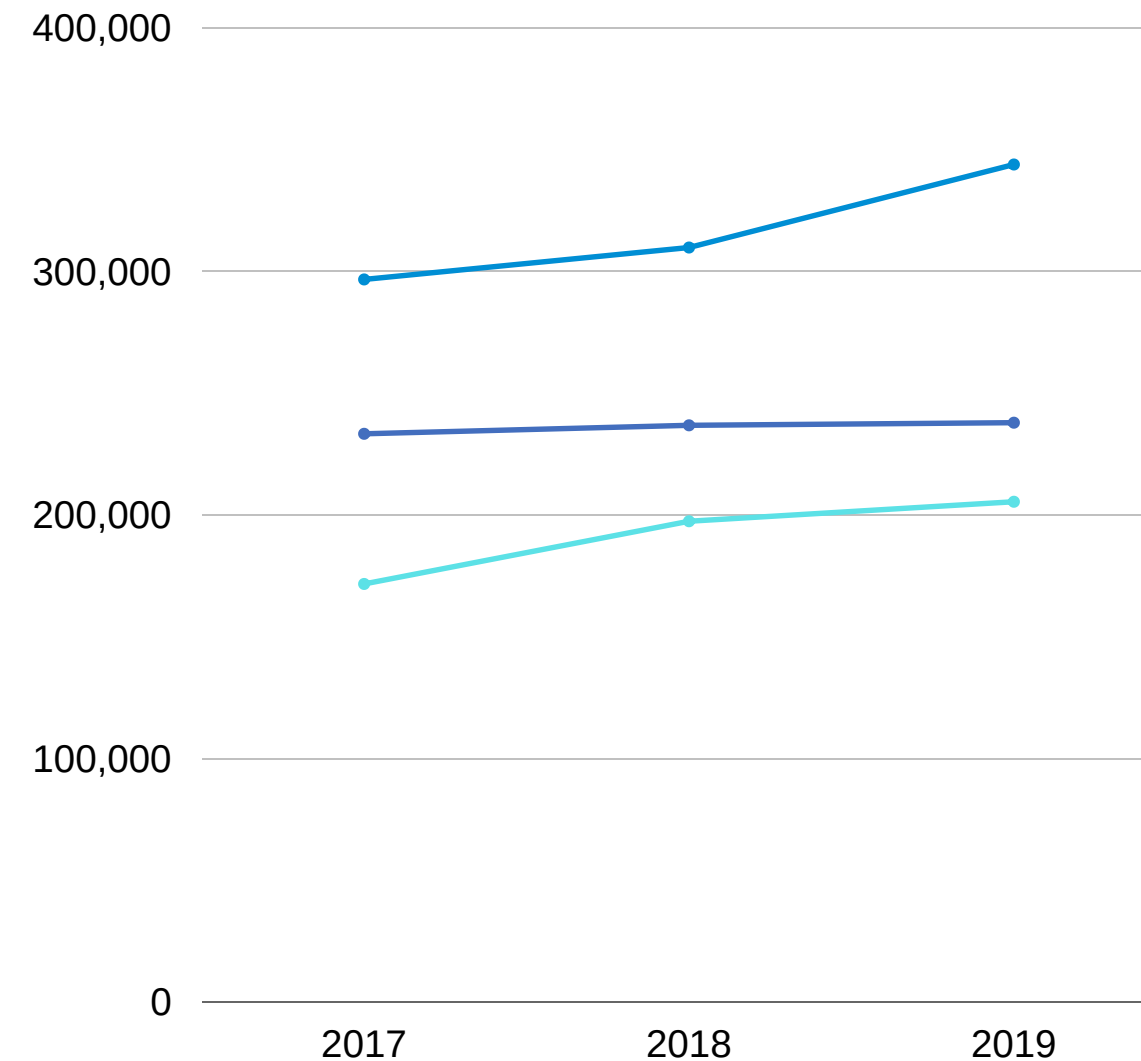


in thousand



Revenue Gross profit Operating profit
Net profit

in thousand



Research & development Sales & marketing
General & administrative

Revenue and gross profit have the **same** growth and decline trend from 2017 to 2019.

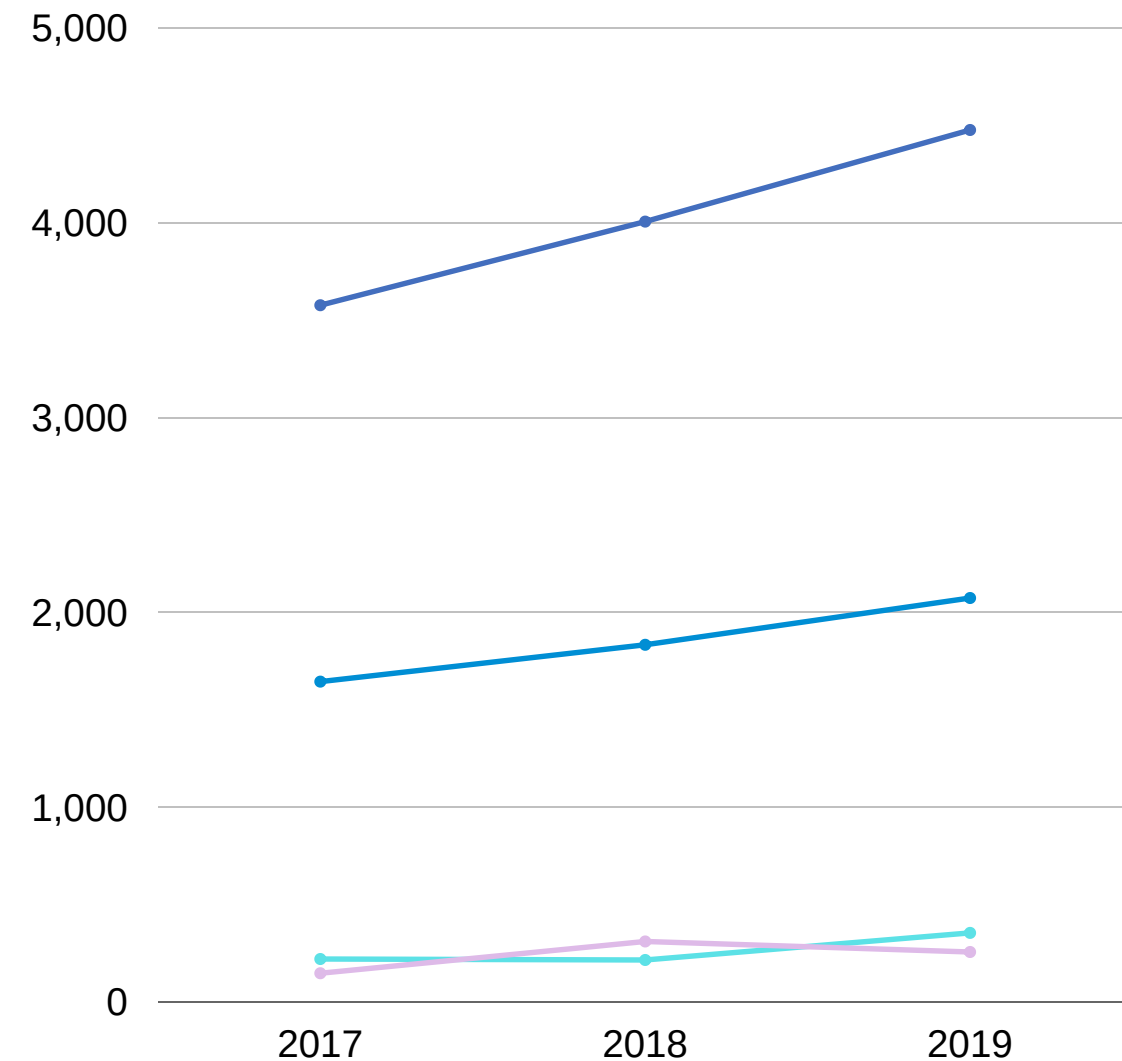
The **maximum** net profit of 2018 rapidly **increased to more than double** in 2017, but it quickly decreased in 2019, but the trend is opposite with operating profit.

Sale & marketing and general administrative **progressively grew** from 2017 to 2019, only research & administrative is **stabilized**.



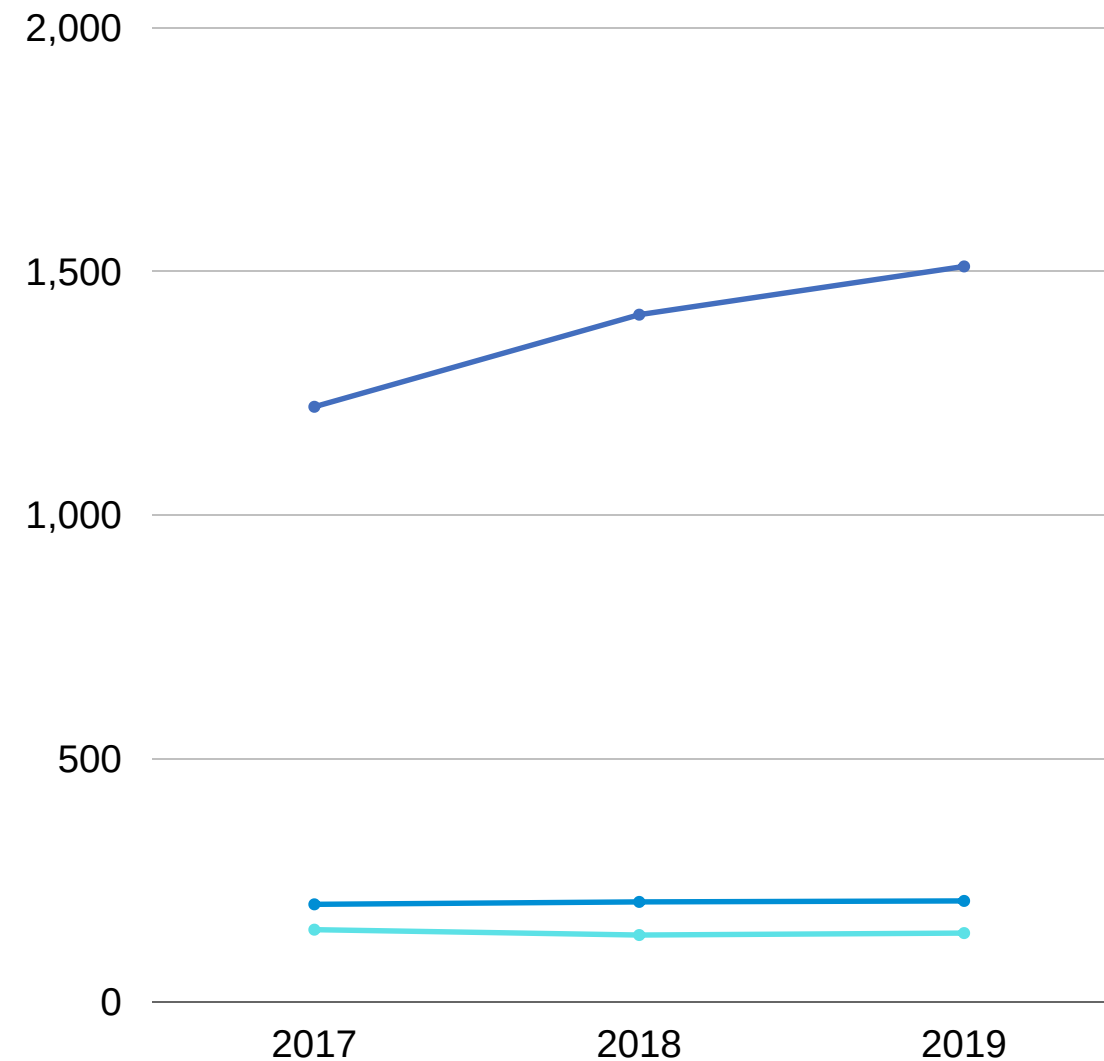
WARNER MUSIC GROUP

in millions



Revenue Gross profit Operating profit
Net profit

in millions



SG&A Amortization expense Interest
expense,net

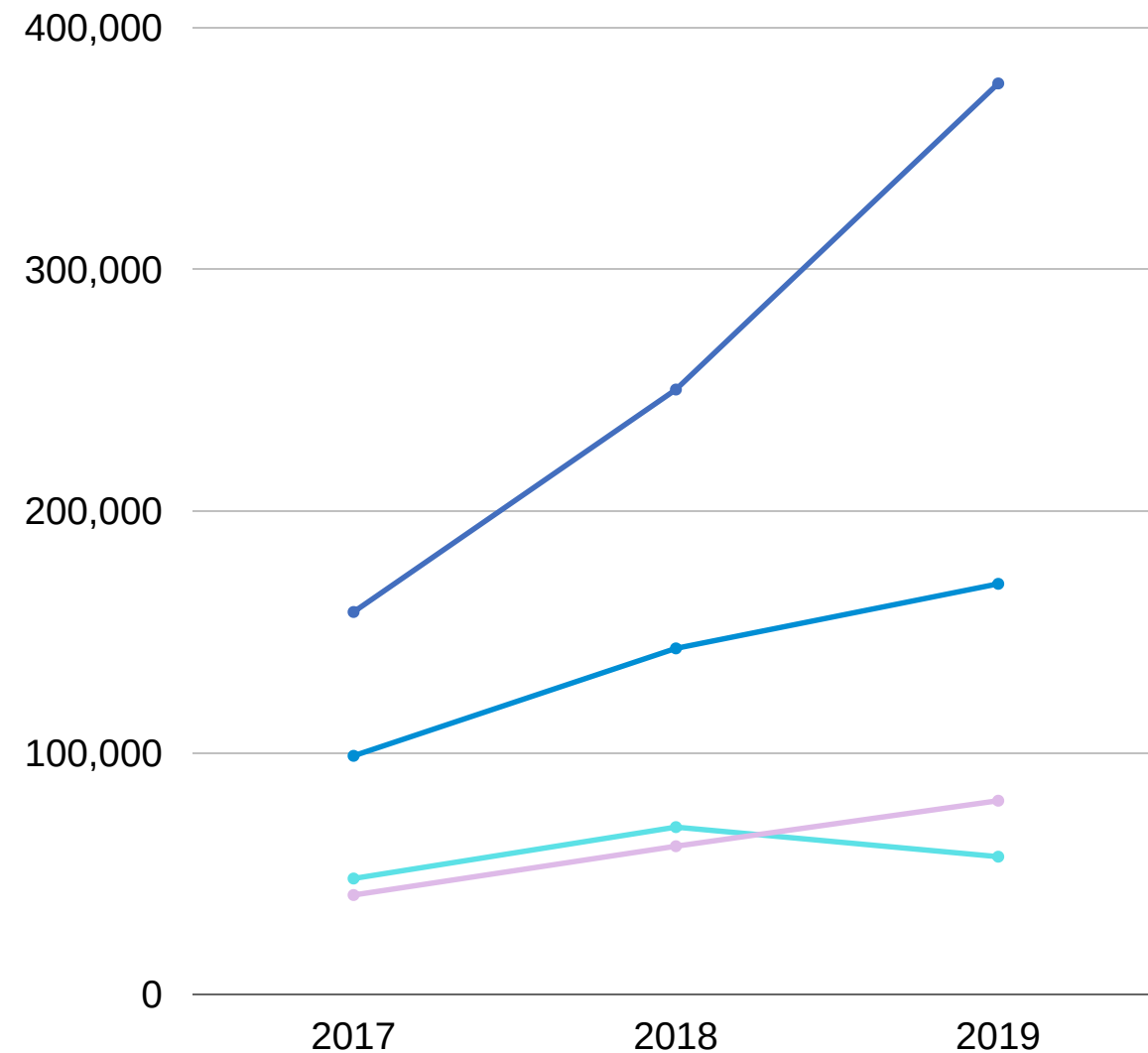
Revenue and gross profit increase by about 25% between 2017 and 2019, while operating profit fast went up 60% between those same years.

Net profit increased approximately \$163 million within 2017-2018, but decreased by almost the same amount from 2018-2019.

The growth of SG&A is notable from 2017 to 2019; Amortization and interest expense almost didn't change in the same period.

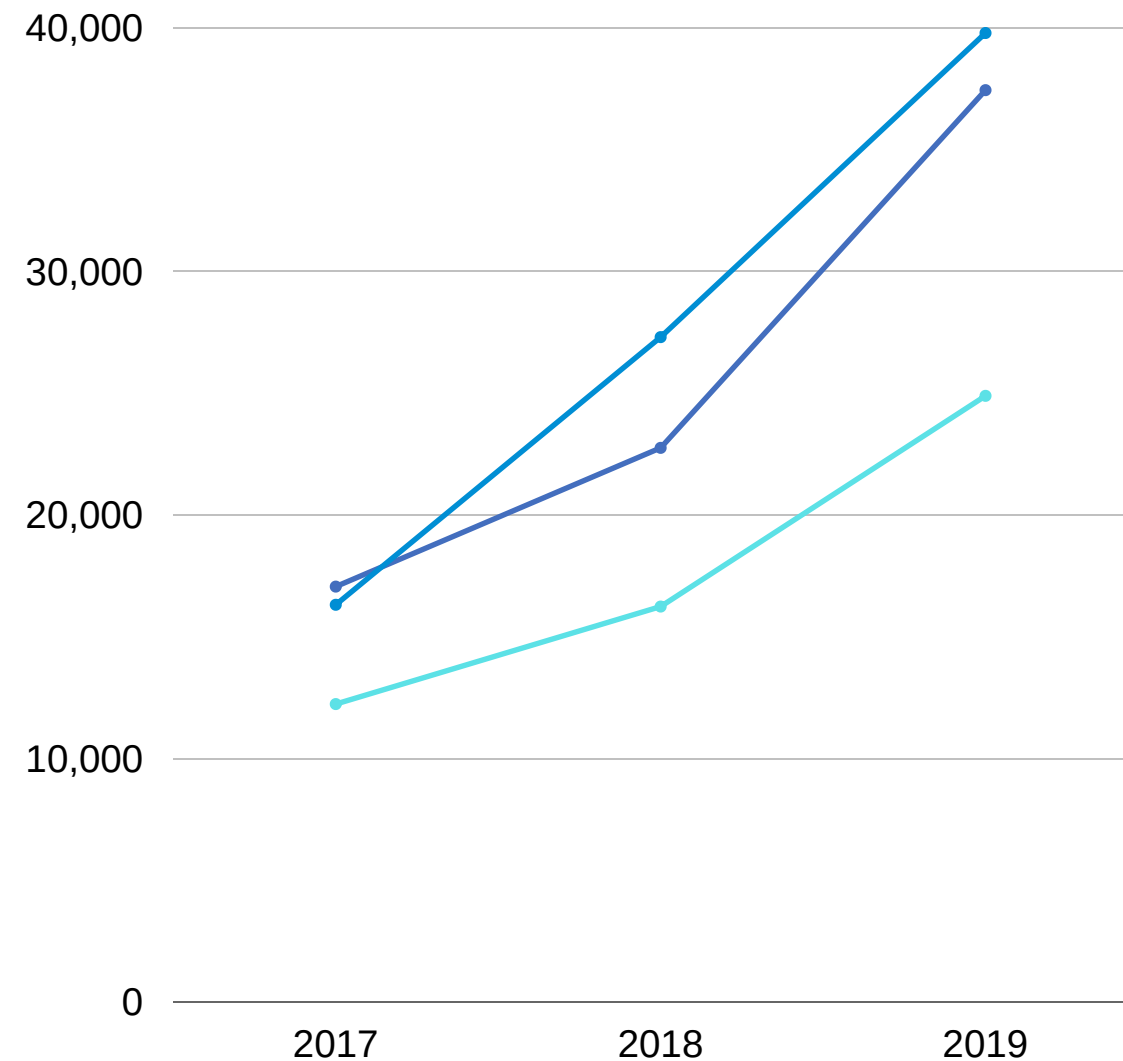


in millions (RMB)



Revenue Gross profit Operating profit
Net profit

in millions (RMB)



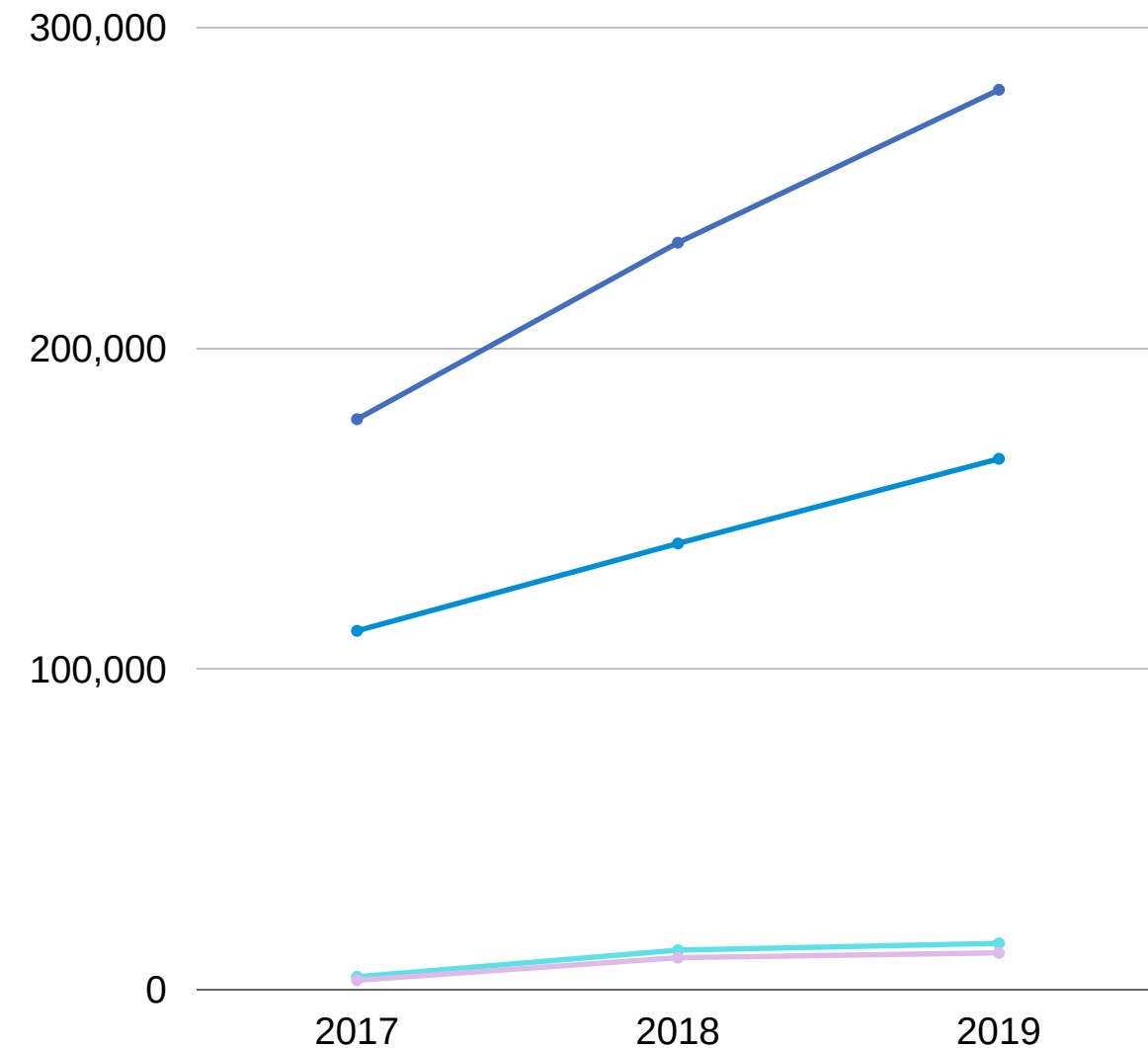
Product development Sale & marketing
SG&A

Revenue, gross profit, operating profit, and net profit **all of those went up** from 2017 to 2019; particularly, revenue promptly increased about **138%** between those same years. Net profit continued to increase **94%** from 2017 and 2019.

Product development, sale and marketing, and SG&A also rapidly increased from 2017 to 2019; for once product development expense was higher than sale & marketing in 2017.

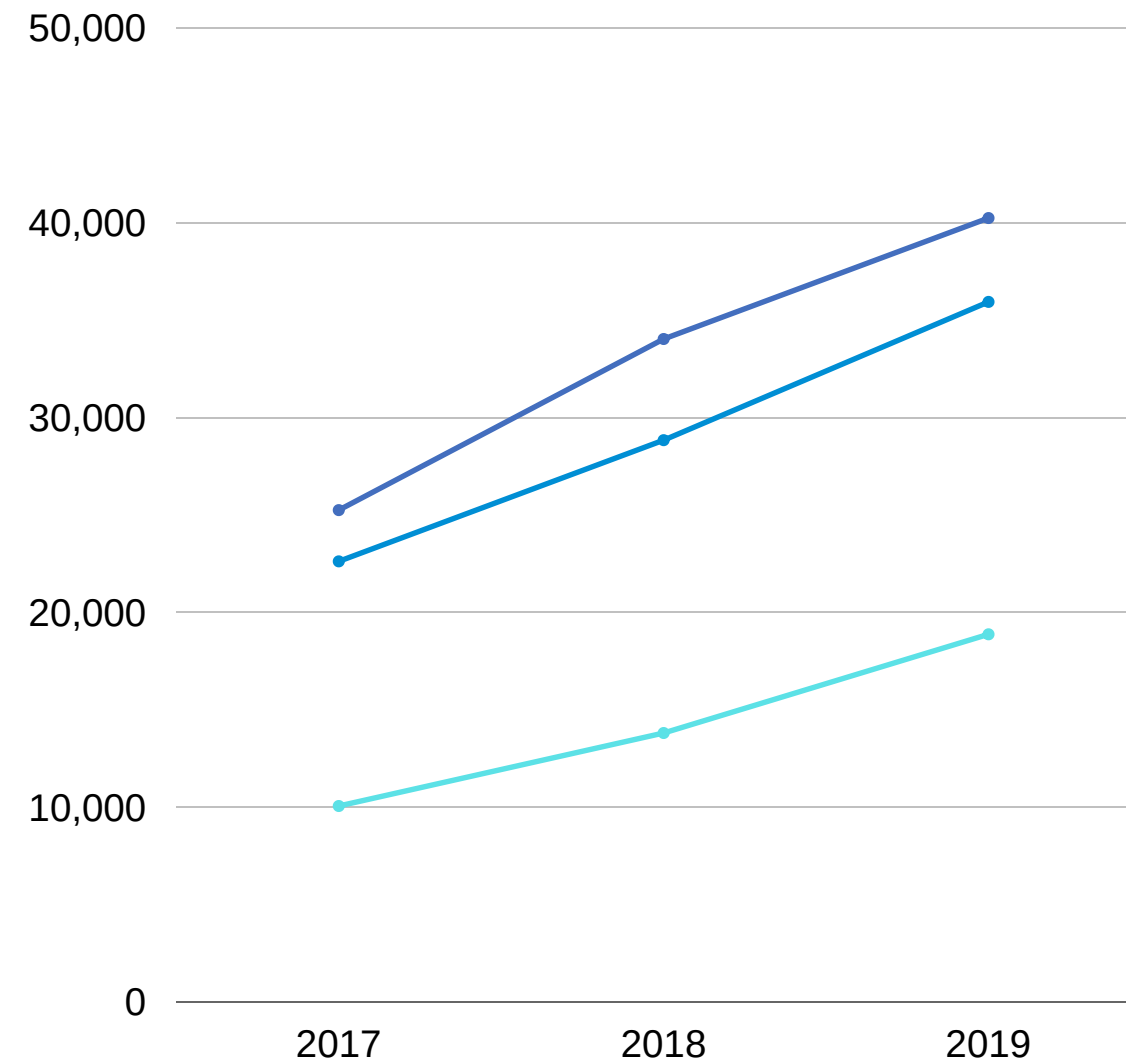


in millions



Revenue Gross profit Operating profit
Net profit

in millions



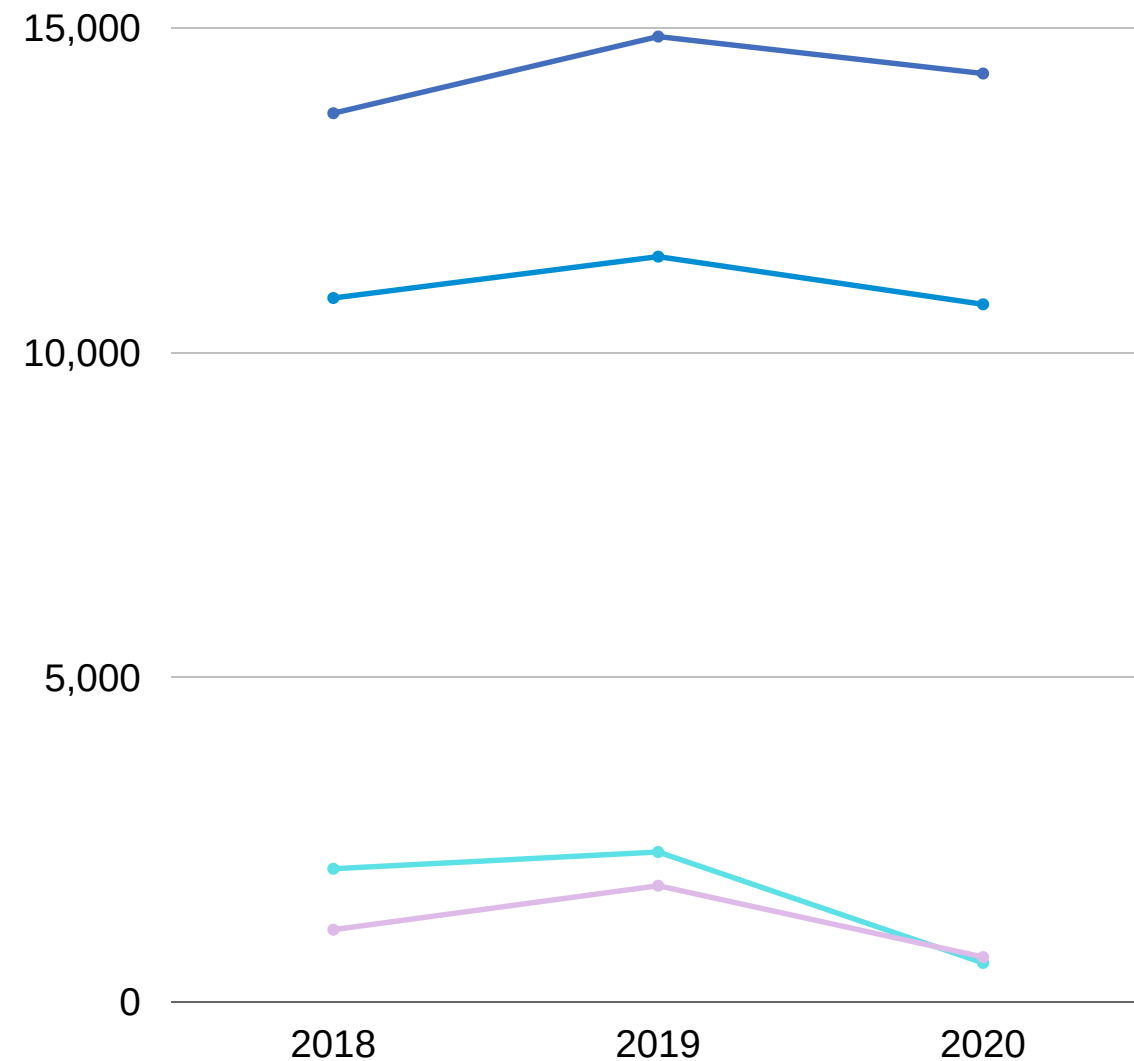
Technology & content Marketing
SG&A

Revenue, gross profit directly increased from 2017 to 2019 (respectively are about 57% and 47%). Meanwhile, operating profit and net profit only gradually climbed within the same years.

Technology&content, marketing, and SG&A all grew from 2017 to 2019; the expense of technology and content always more than marketing, and this part is a bit different from Alibaba.

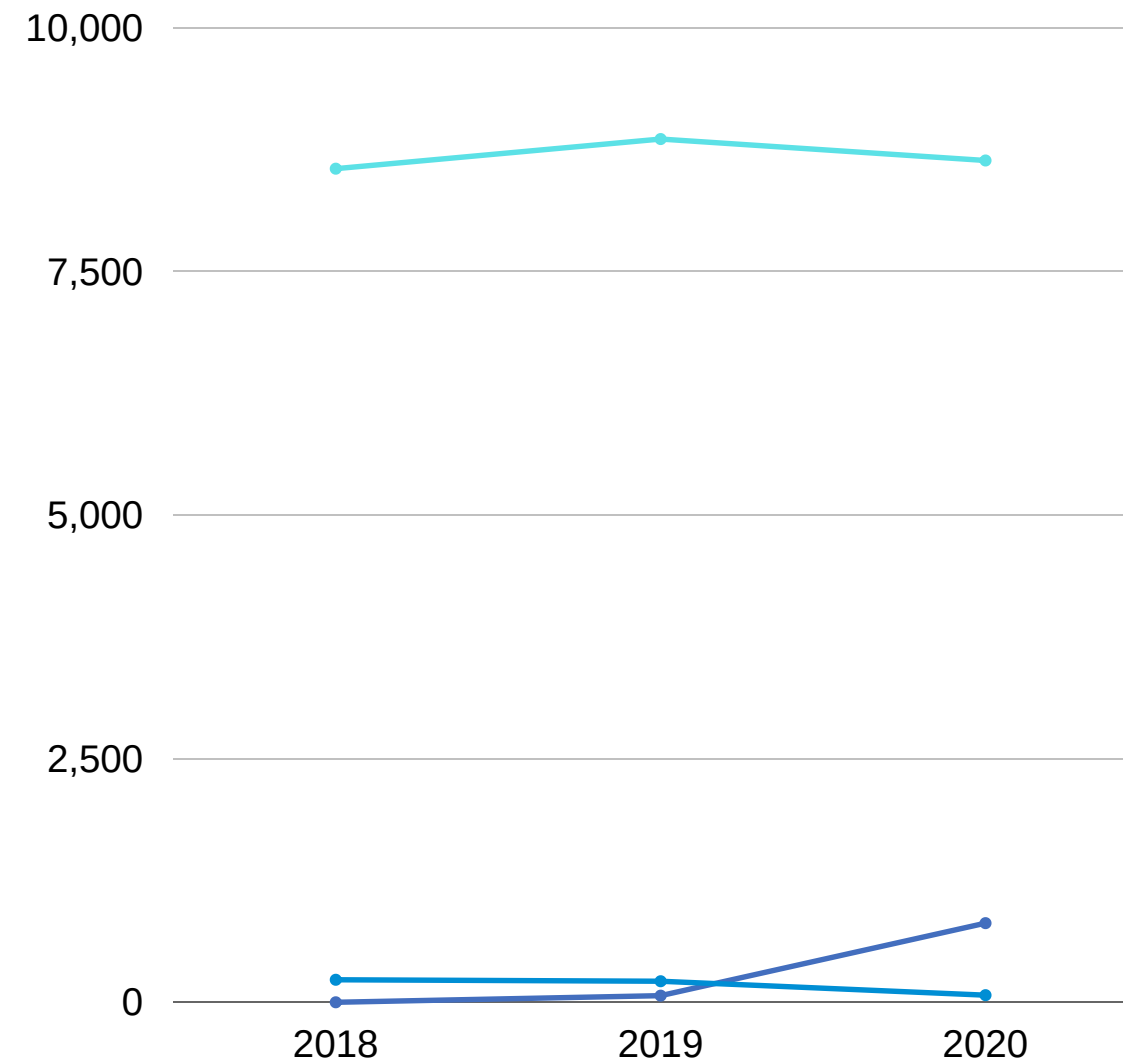


in millions



Revenue Gross profit Operating profit
Net profit

in millions



Goodwill impairment Restructuring and other
charges SG&A

Revenue, gross profit, operating profit and net profit **slowly increased** within 2018-2019. But those data all decrease from 2018 to 2019; Operating profit is going down about **70%** that is **twice time** of net profit's decline.

Goodwill impairment gradually climbed from **68** to **812** between 2019-2020. However, restructuring and other charges and SG&A slowly goes down within those same year.

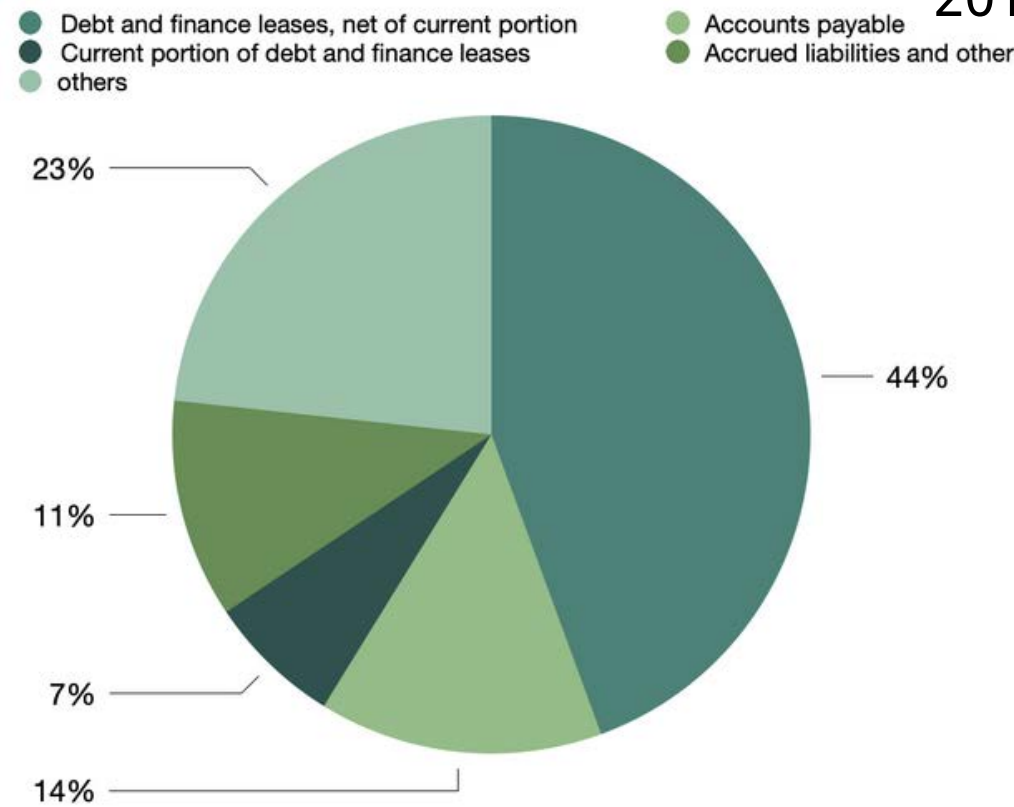
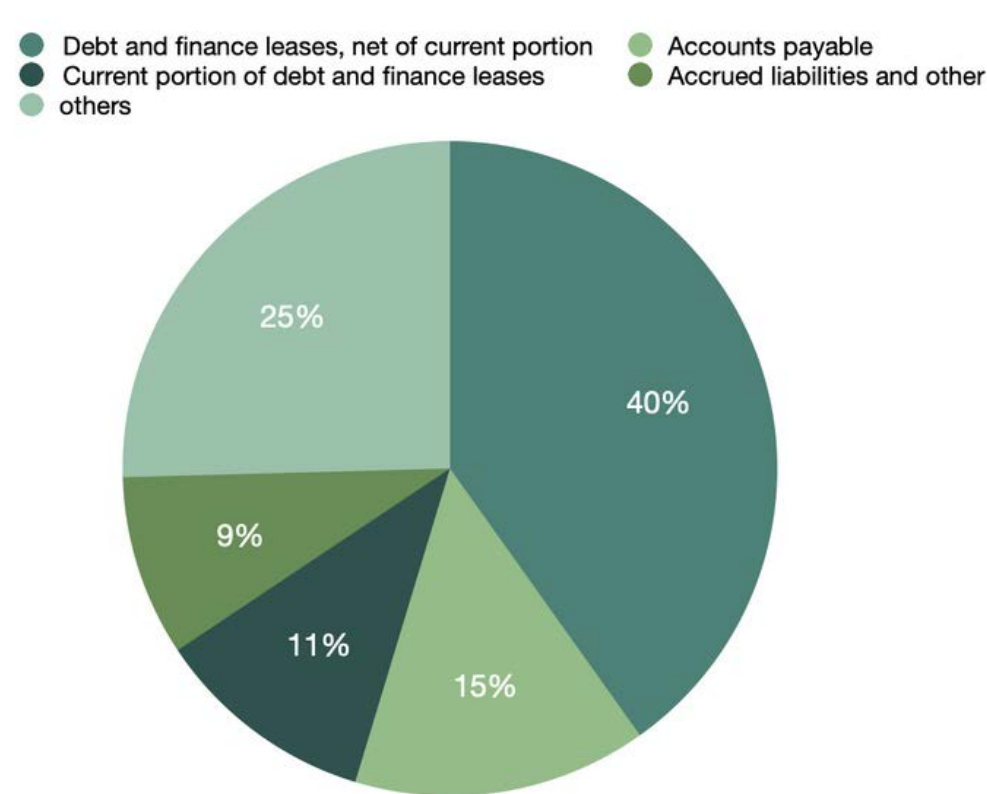
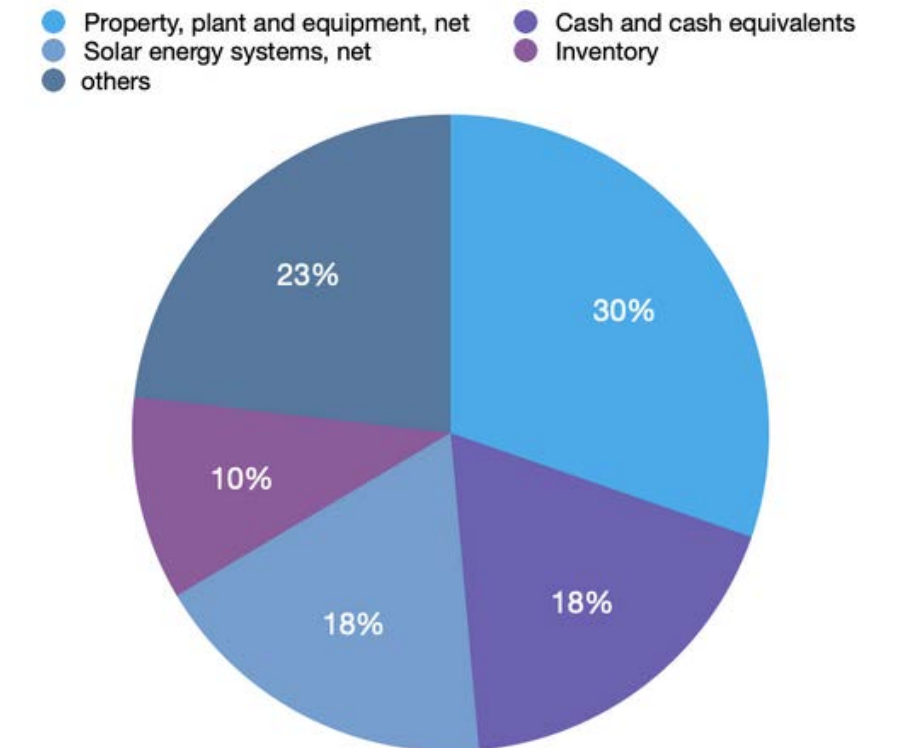
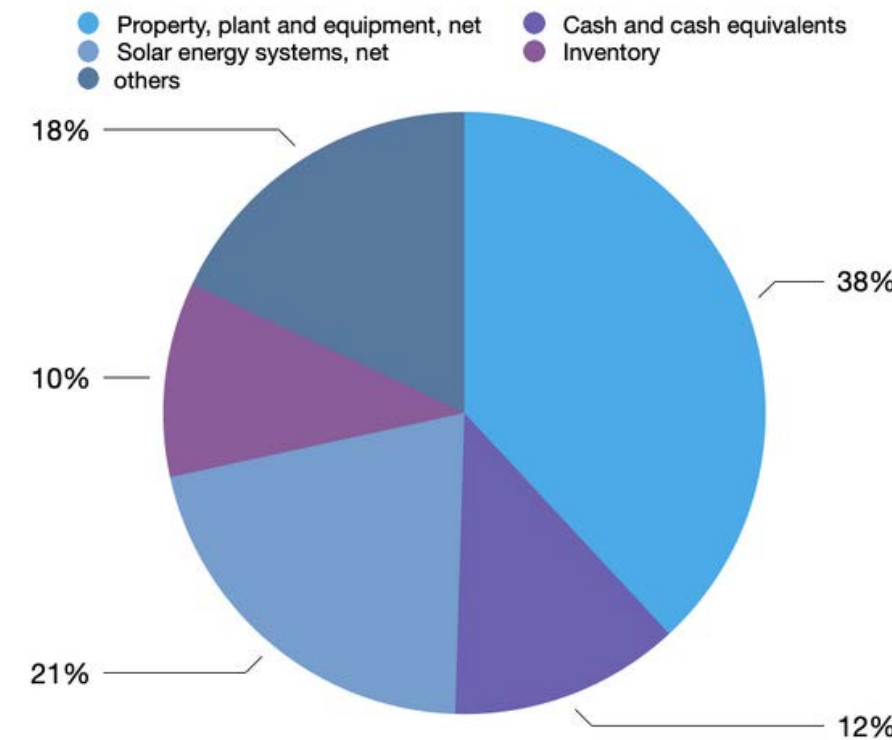
Financial Analysis Project Part II



Prof. Kobus
Mia Zhong & Tingting Shi

TESLA

Balance Sheet Analysis (in Millions)



2018 Liabilities

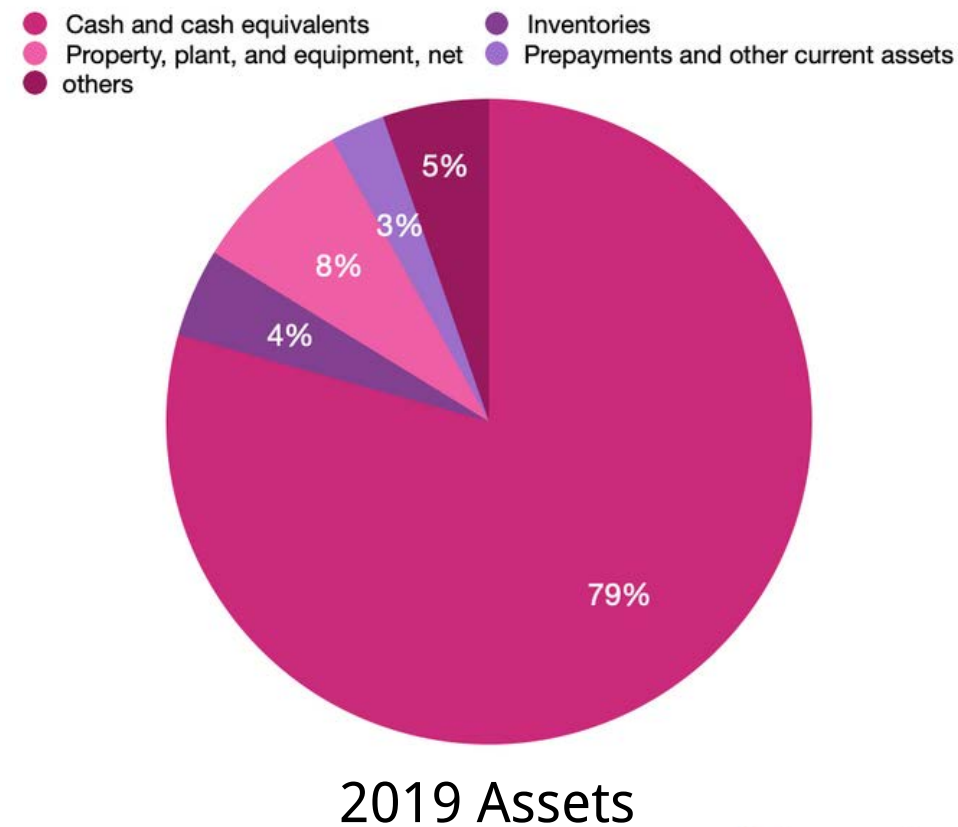
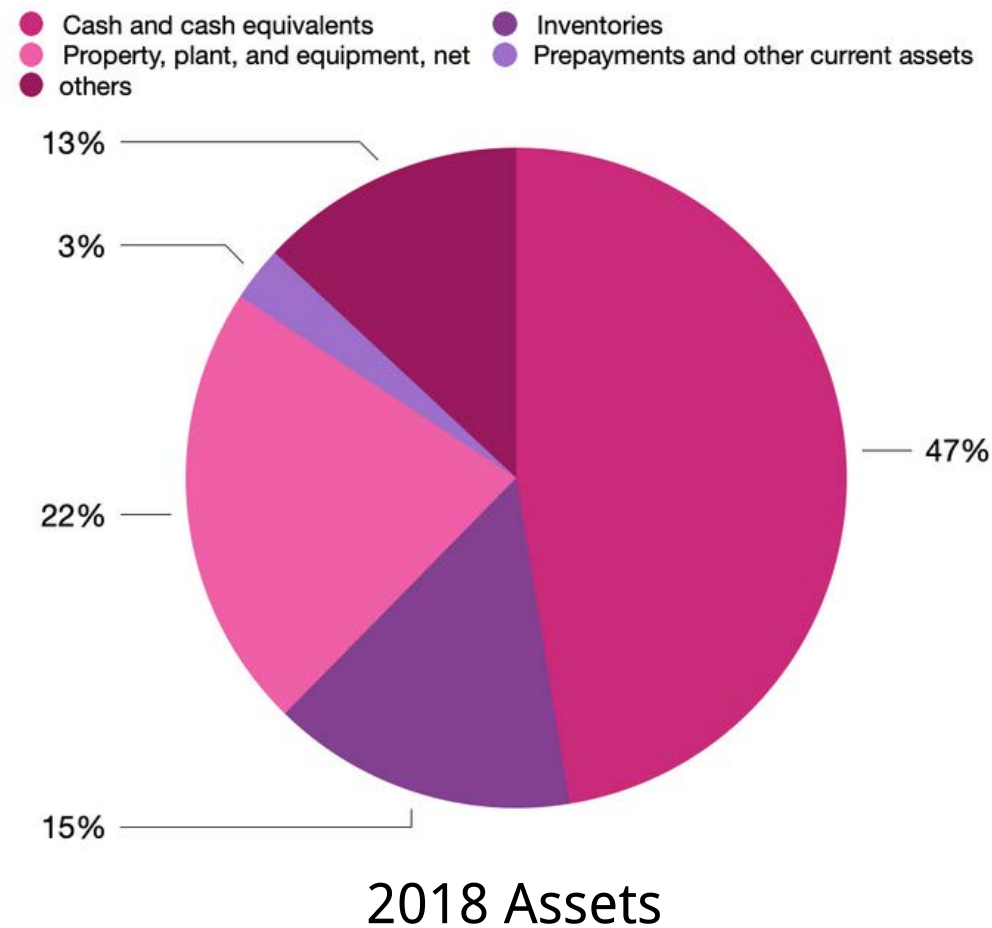
2019 Liabilities

Tesla's total **assets** increased by **15.37%** from 2018 to 2019. Each of these **assets** has seen varying degrees of **growth**.

The company's total **liabilities** increased by **11.83%** from 2018 to 2019. There is a **decrease** in the **account payable** and **current portion of debt and finance leases**, while the rest of them have **grown** to varying degrees.

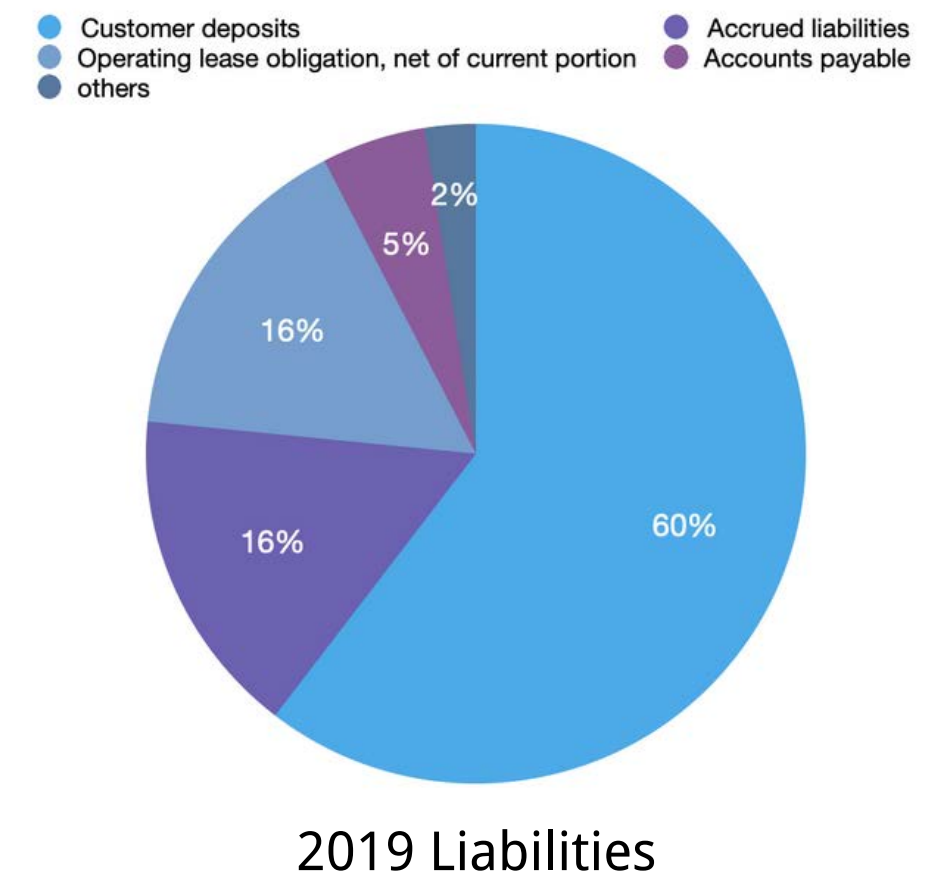
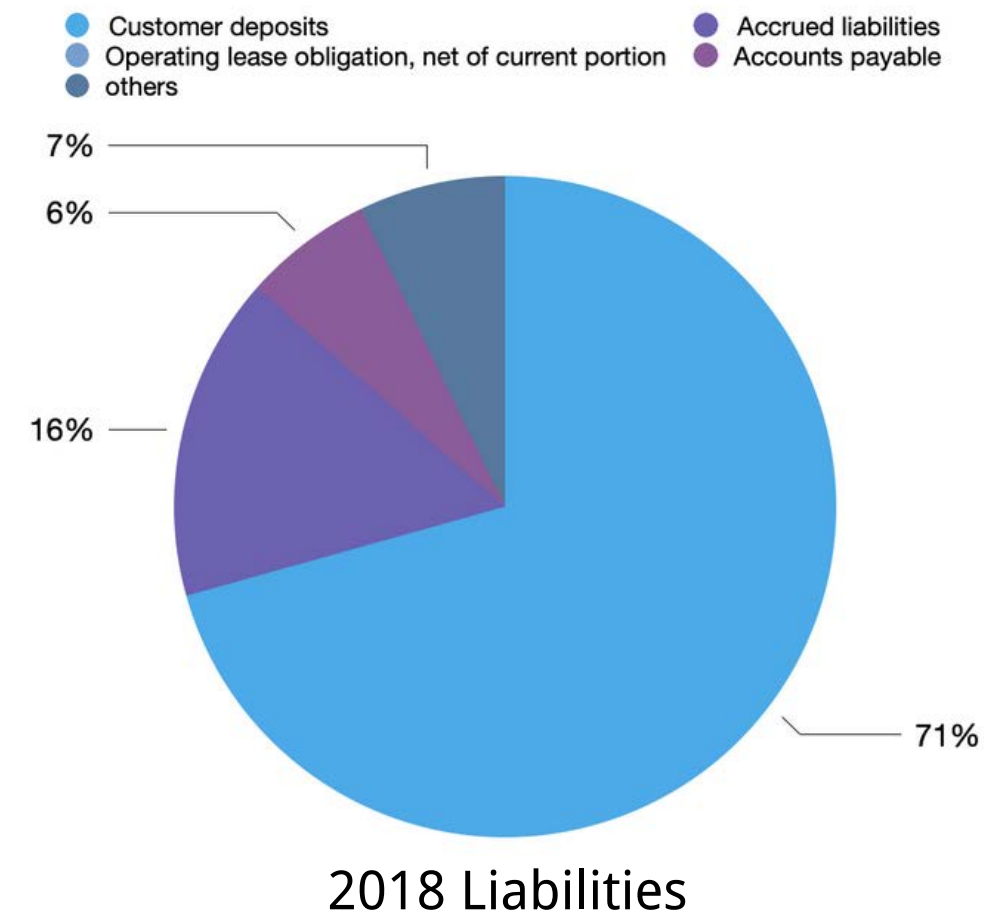
Virgin Galactic

Balance Sheet Analysis (in Thousands)



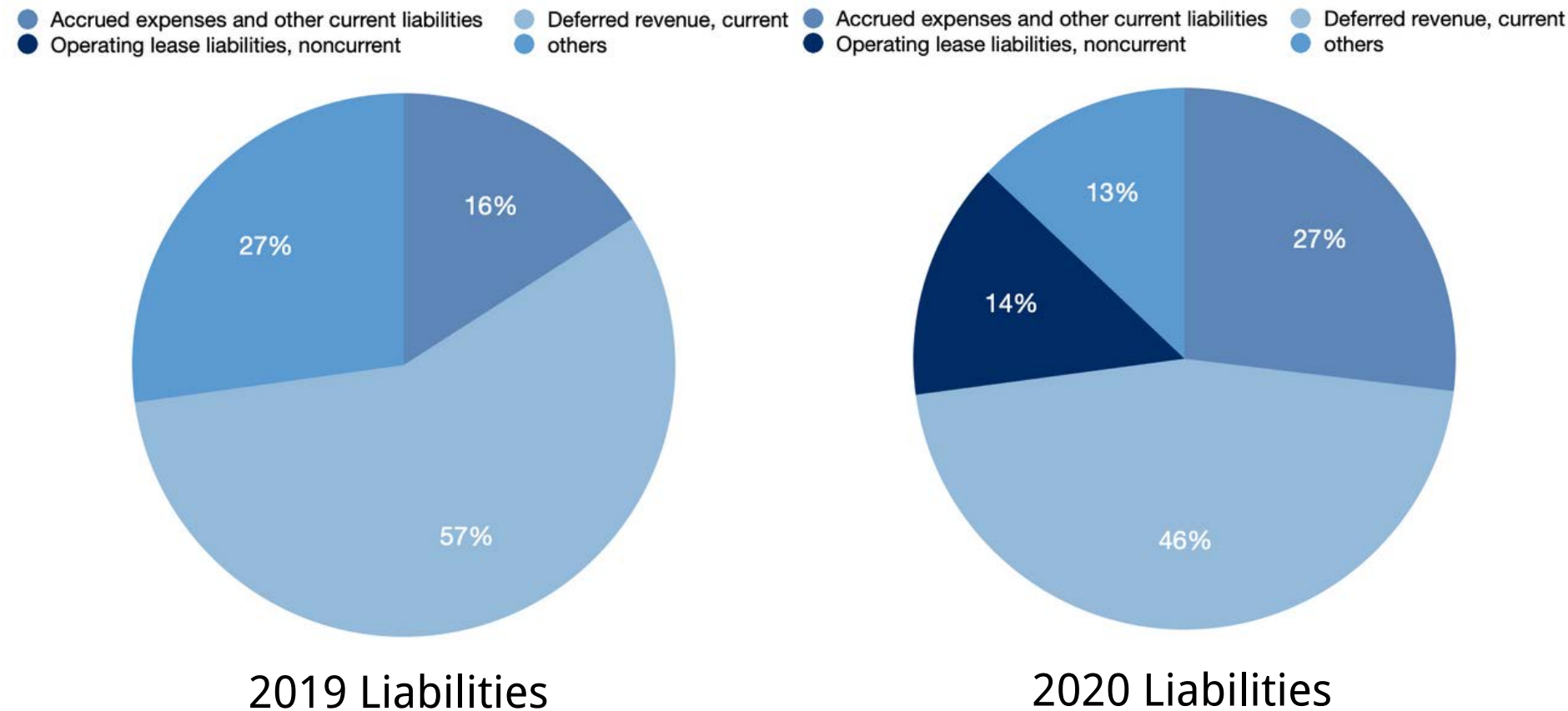
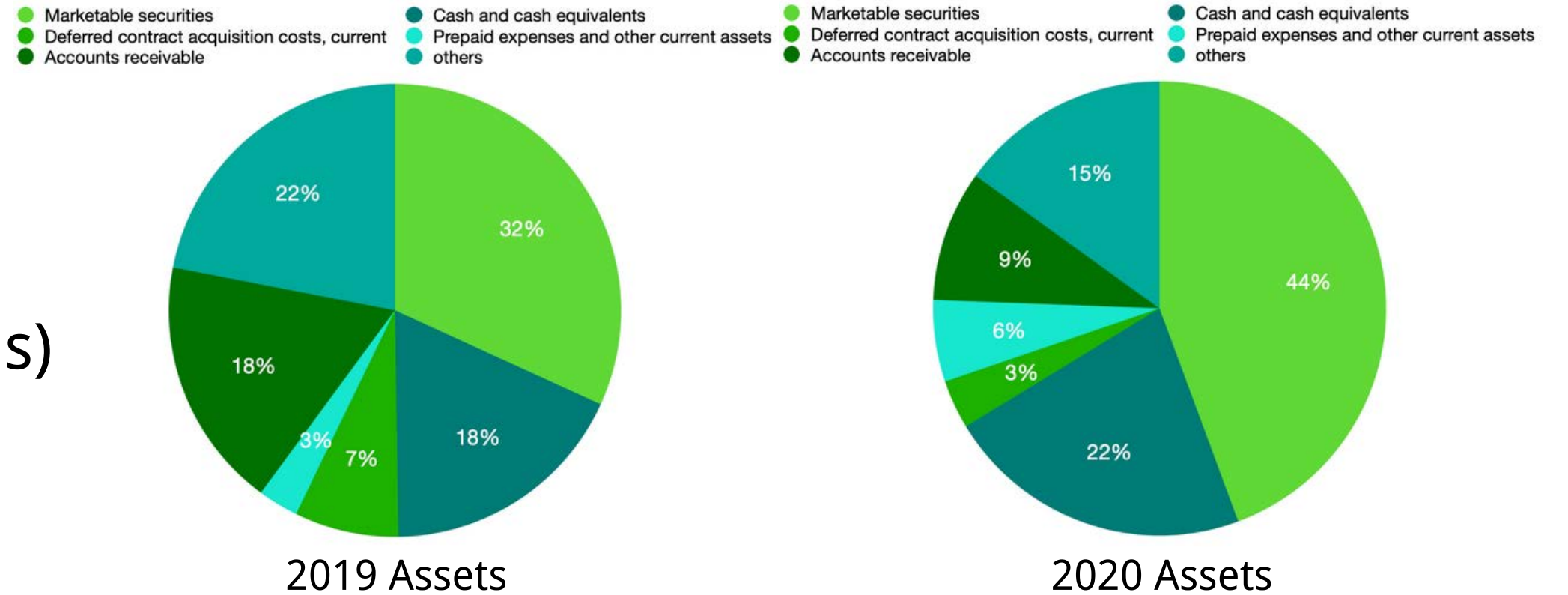
VG's total assets have **grown** by **288.07%** from 2018 to 2019. **Cash and cash equivalents** have **grown the most** by **549.34%** from 2018 to 2019.

The company's total liabilities **increased** by **20.53%** from 2018 to 2019. **Customer deposits** is the **main liability** and has **increased** by **30.65%** from 2018 to 2019.



ZOOM

Balance Sheet Analysis (in Thousands)

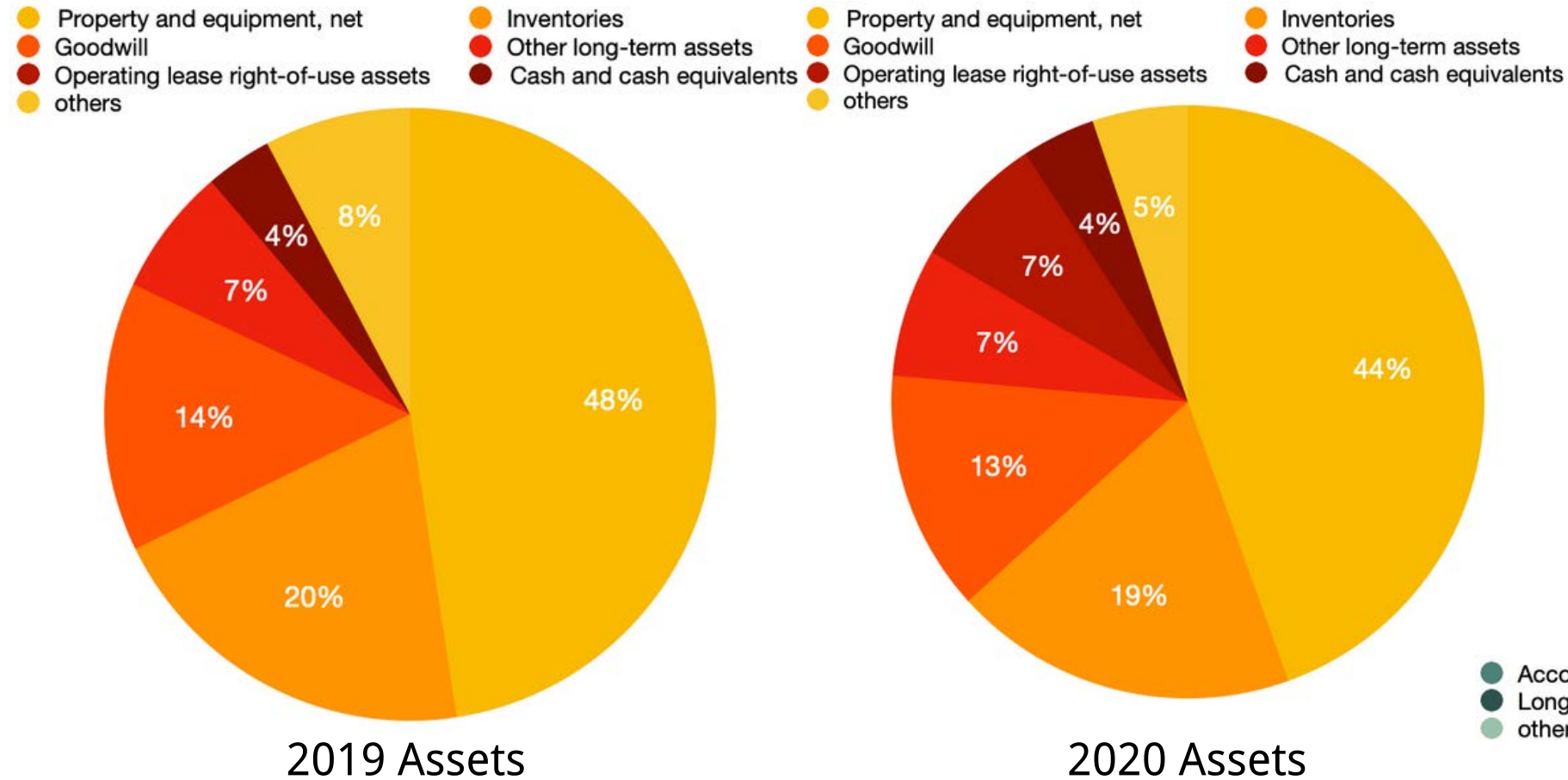


Zoom's total assets **grew** by **263.78%** from 2019 to 2020. **Marketable securities** has **grown the most** by **407.25%** from 2019 to 2020.

The company's total liabilities **grew** by **125.20%** from 2019 to 2020. **Deferred revenue and current** is the **main liability** and has grown **82.02%** from 2019 to 2020.

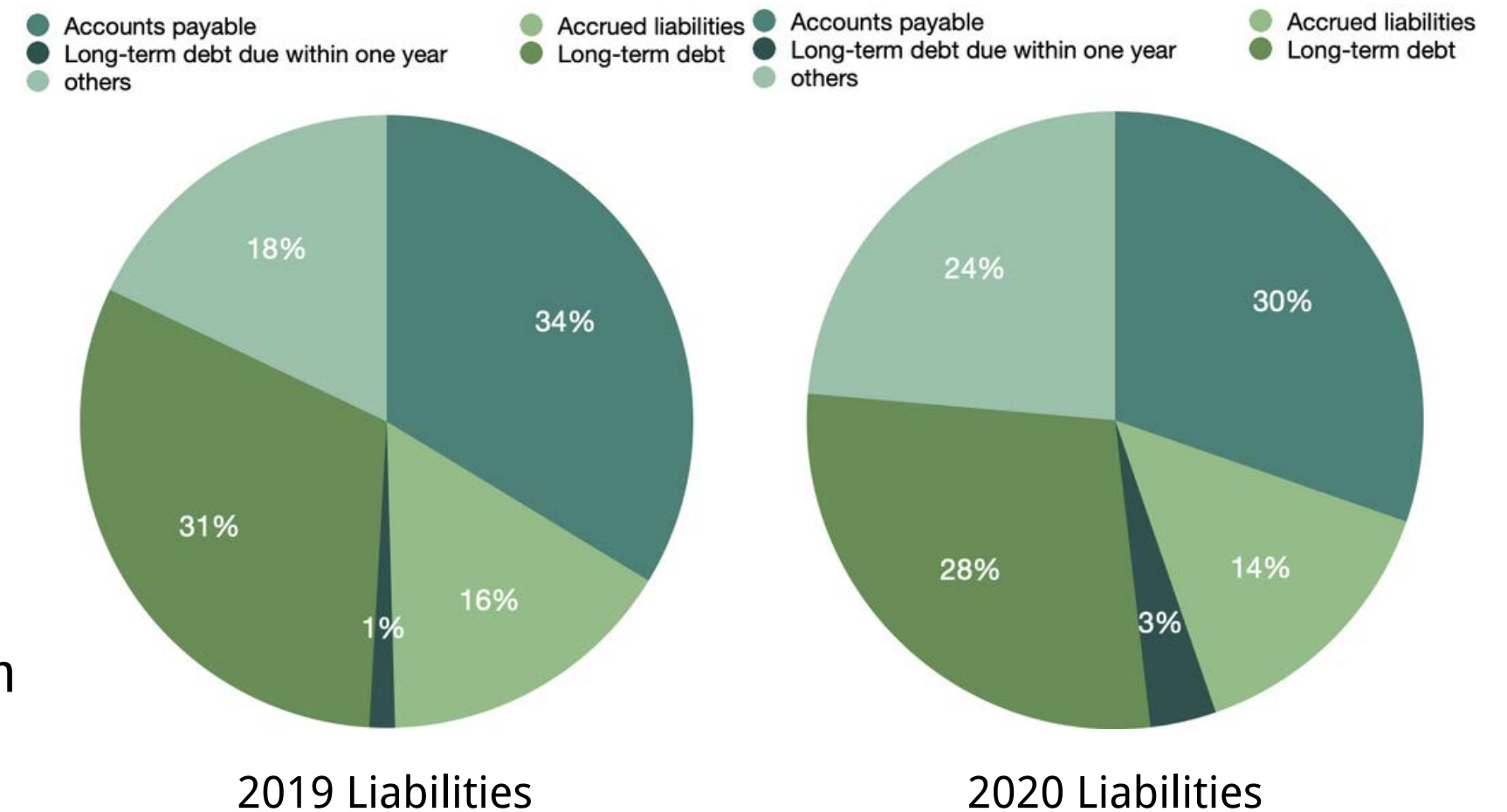
Walmart

Balance Sheet Analysis (in Millions)



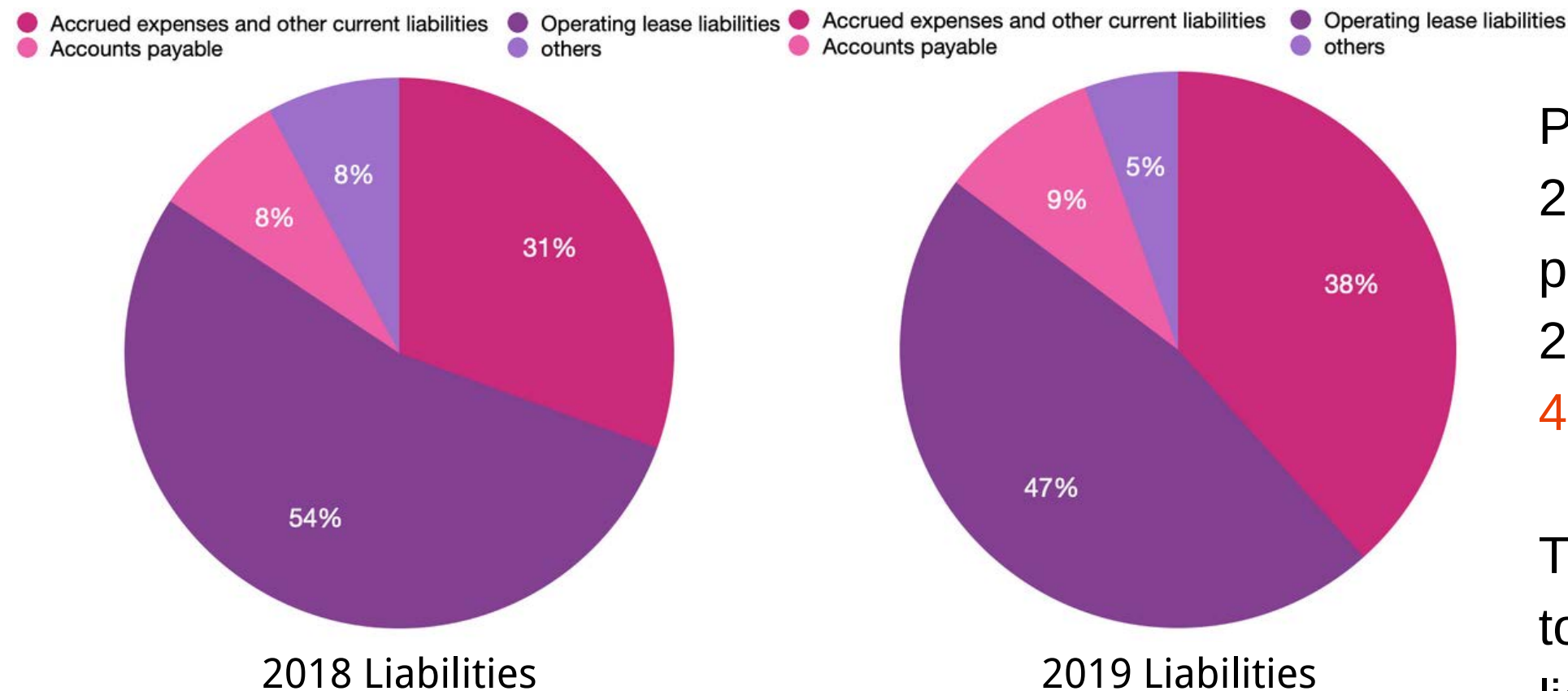
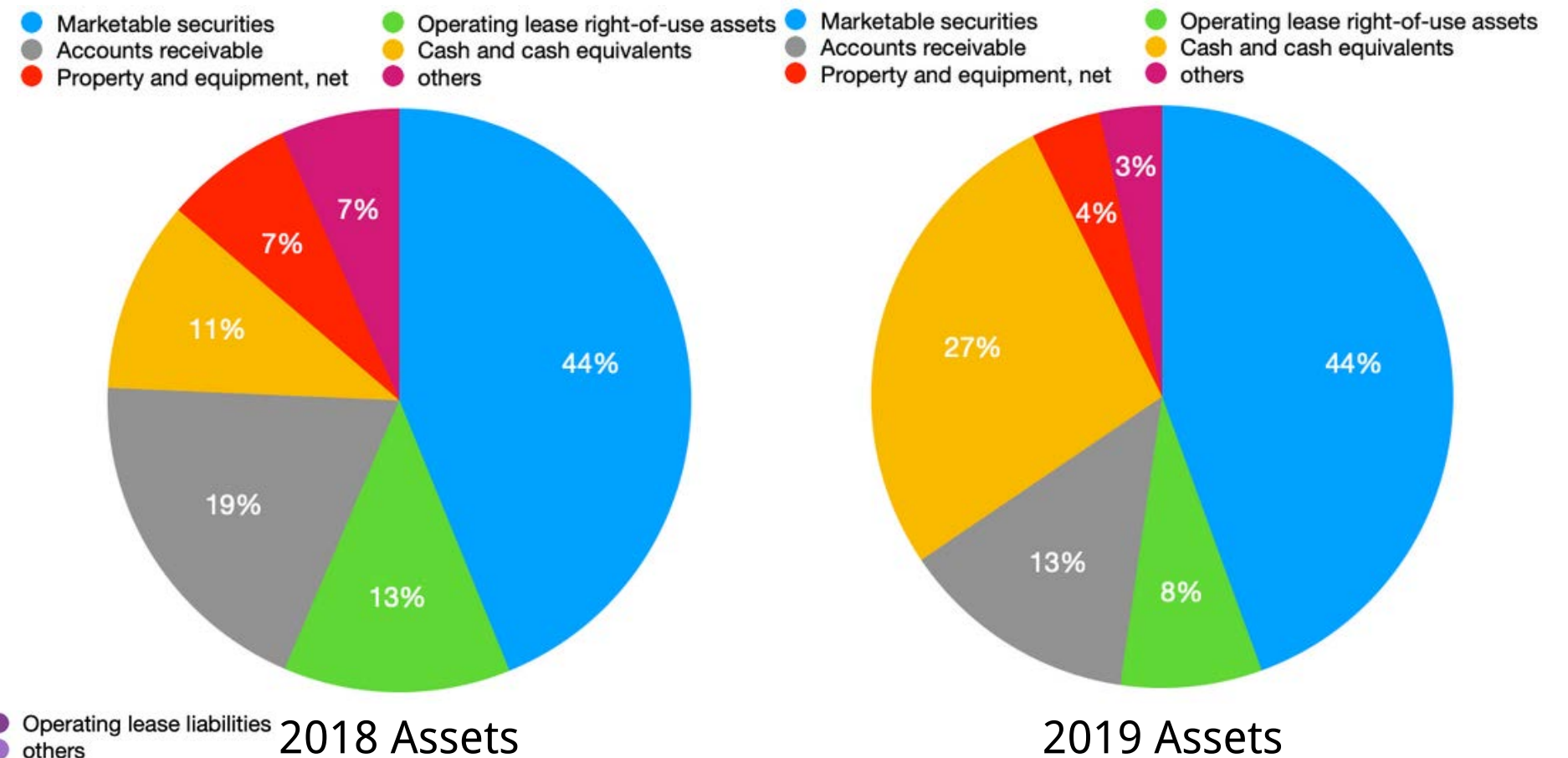
Walmart's **total assets** grew by **7.84%** from 2019 to 2020. **Property and equipment, net** accounted for the **largest** share, which **grew** by **0.85%** from 2019 to 2020.

The company's **total liabilities** increased by **10.94%** from 2019 to 2020. **Accounts payable** is the **main liability** and it decreased by **0.18%** from 2019 to 2020.



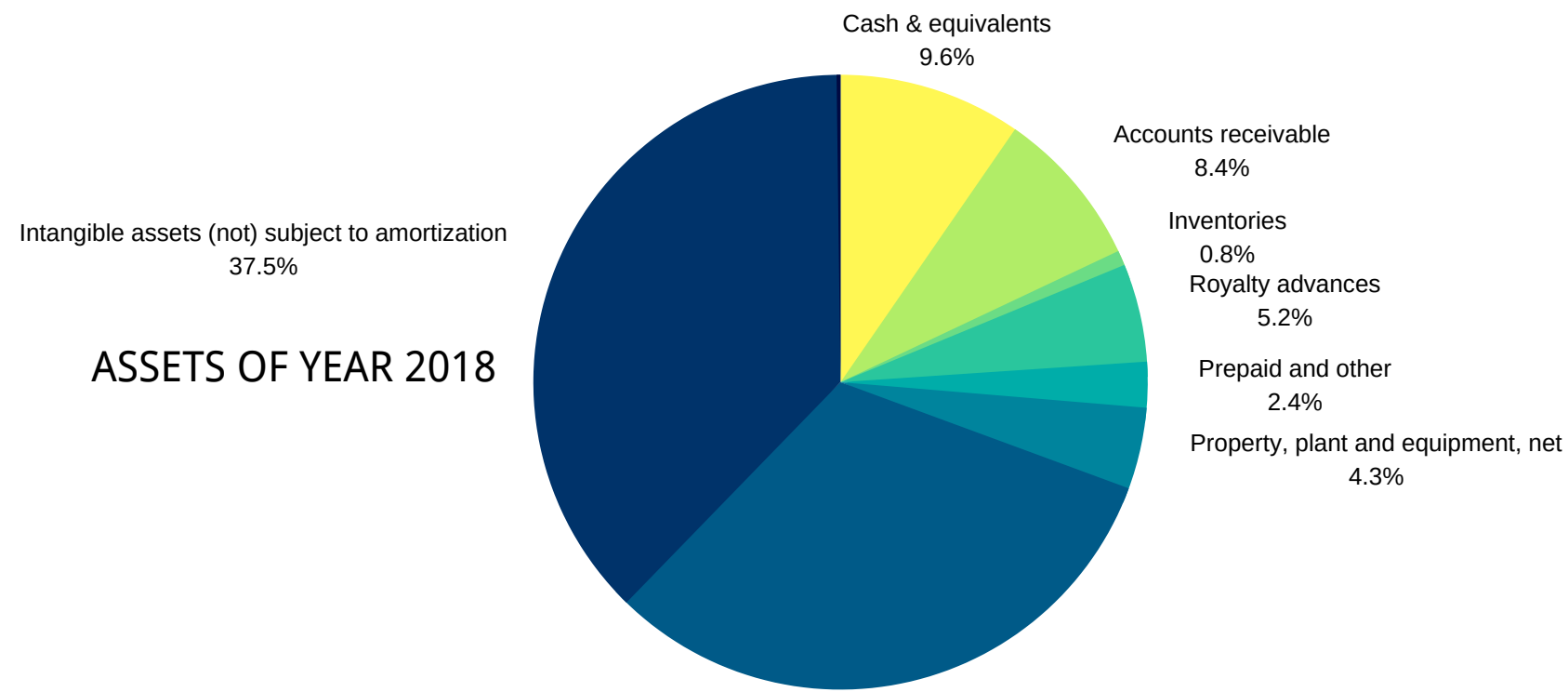
Pinterest

Balance Sheet Analysis (in Thousands)

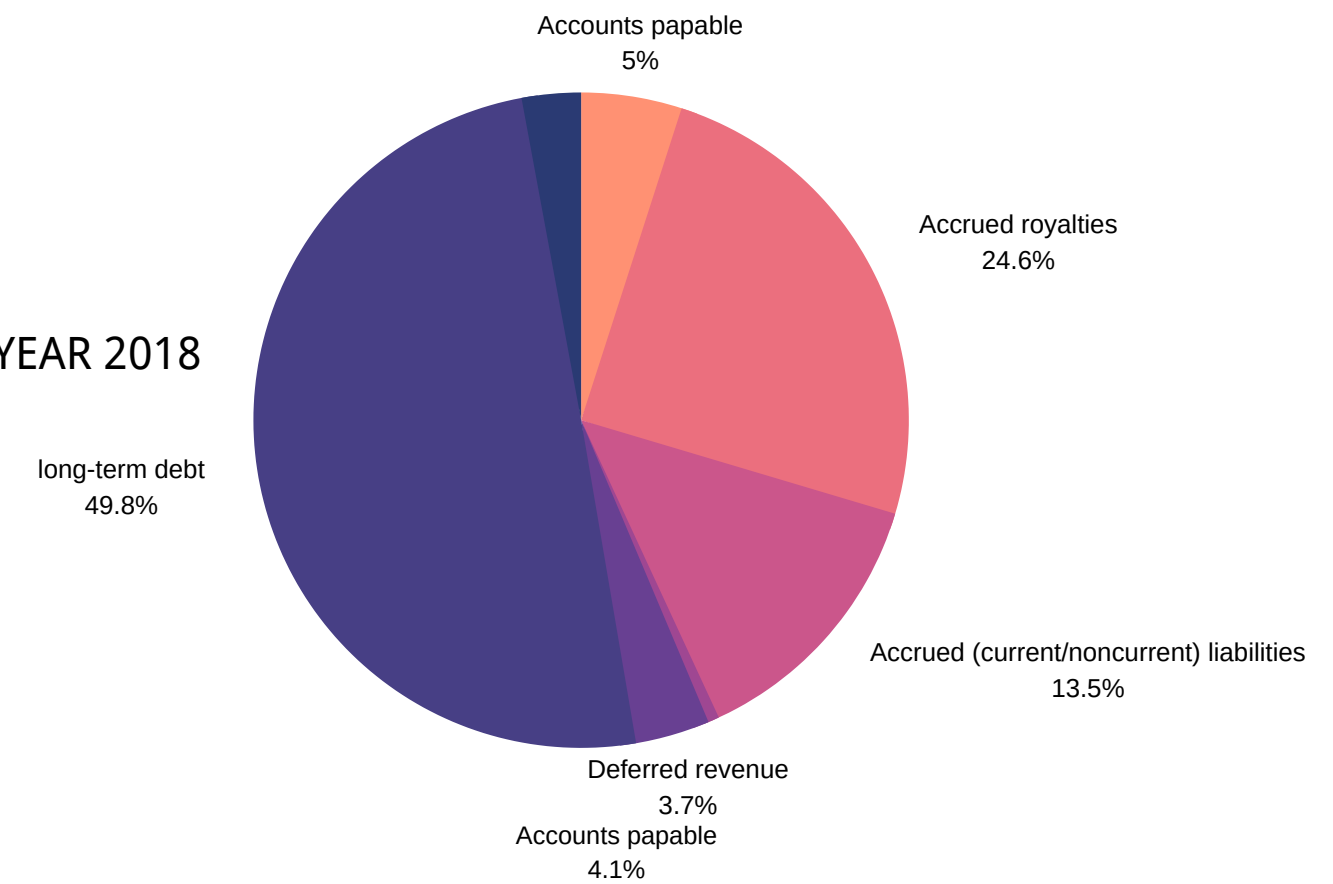


Pinterest's **total assets** have **grown 107.62%** from 2018 to 2019. **Marketable securities** accounted for **the largest** percentage, which **grew** by **110.50%** from 2018 to 2019. **Cash and cash equivalents** **grew the largest** by **430.30%** from 2018 to 2019.

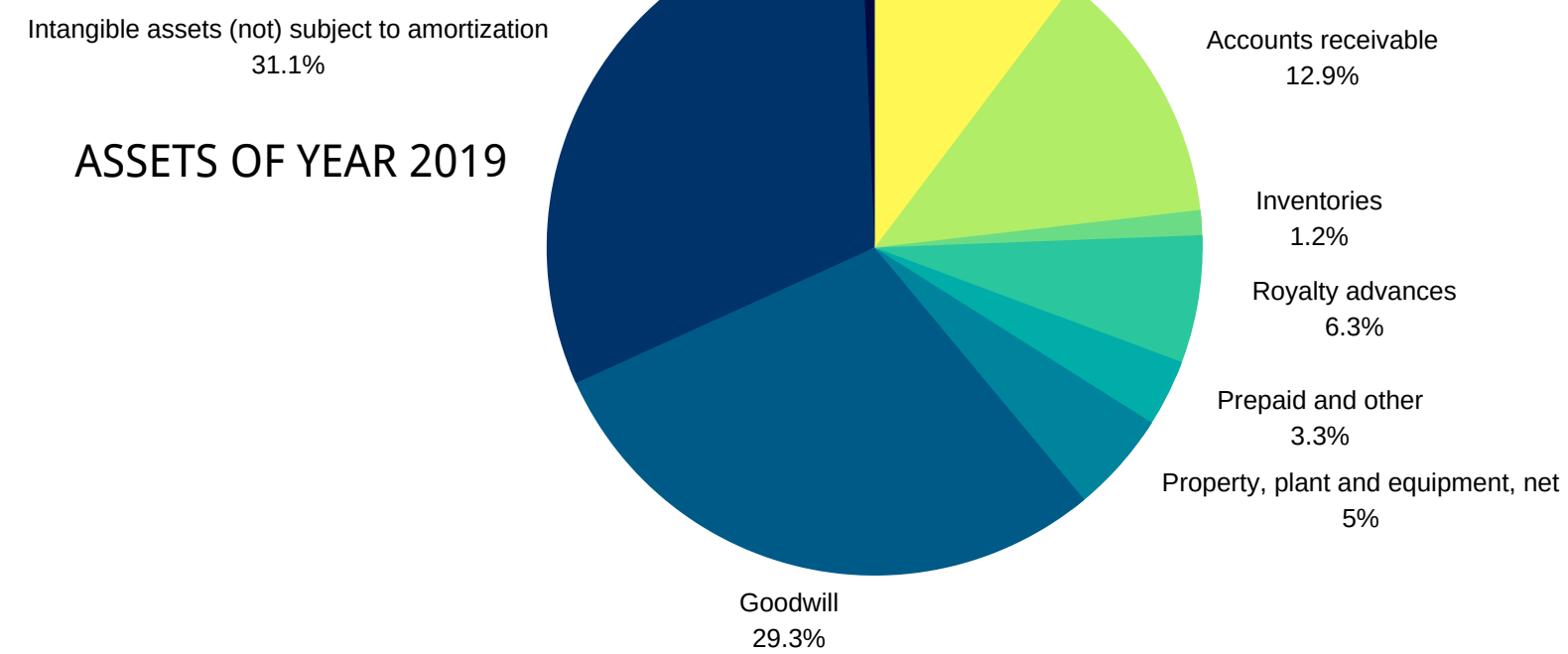
The company's **total liabilities** grew by **31.12%** from 2018 to 2019. Which **Operating lease liabilities** are the **major** liabilities and **increased** by **14.53%** from 2018 to 2019.



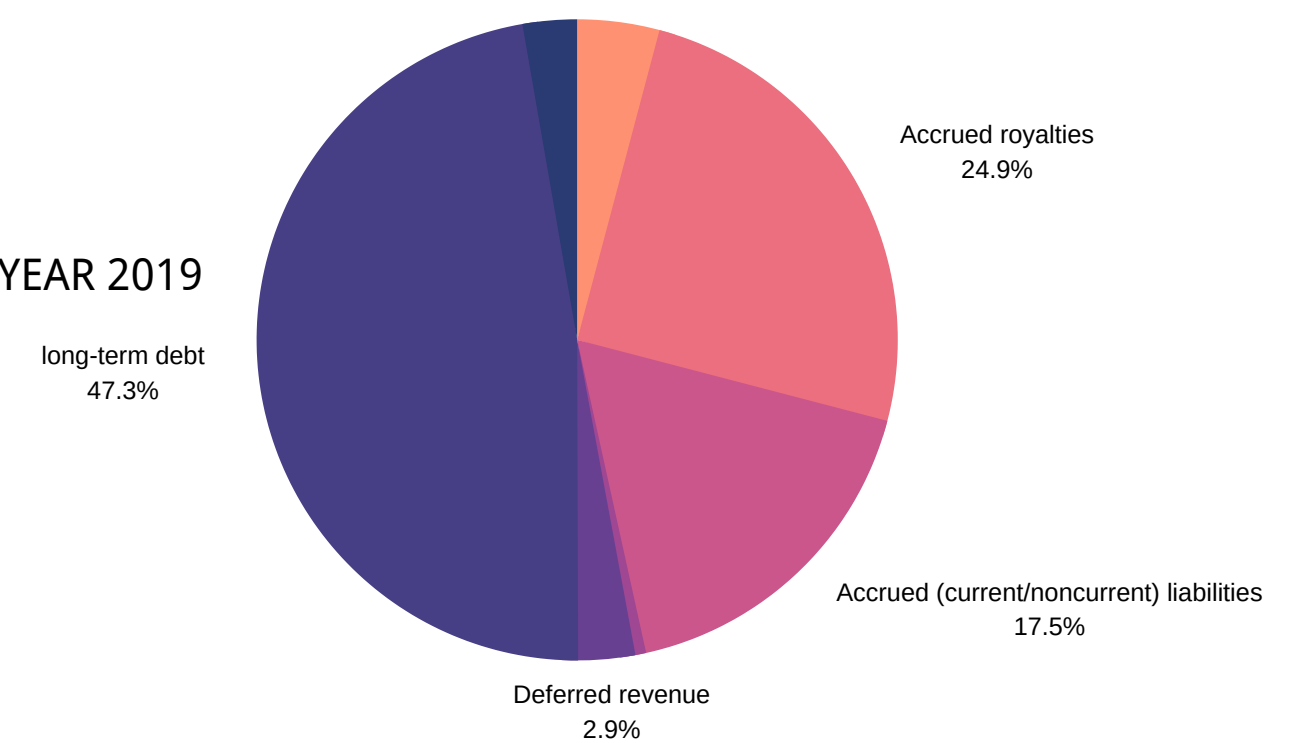
LIABILITIES OF YEAR 2018



WARNER MUSIC GROUP



LIABILITIES OF YEAR 2019

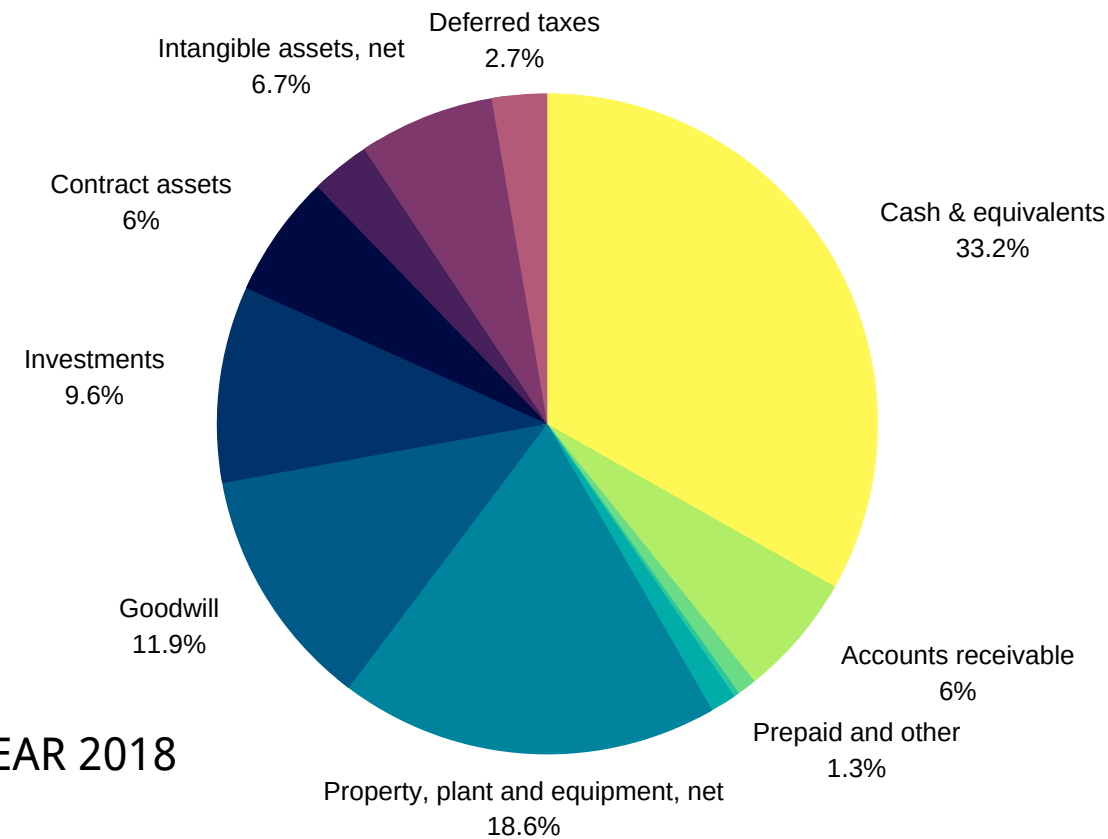


There was a significant decrease of 6.4% in intangible assets subject or not subject to amortization from 2018 to 2019.

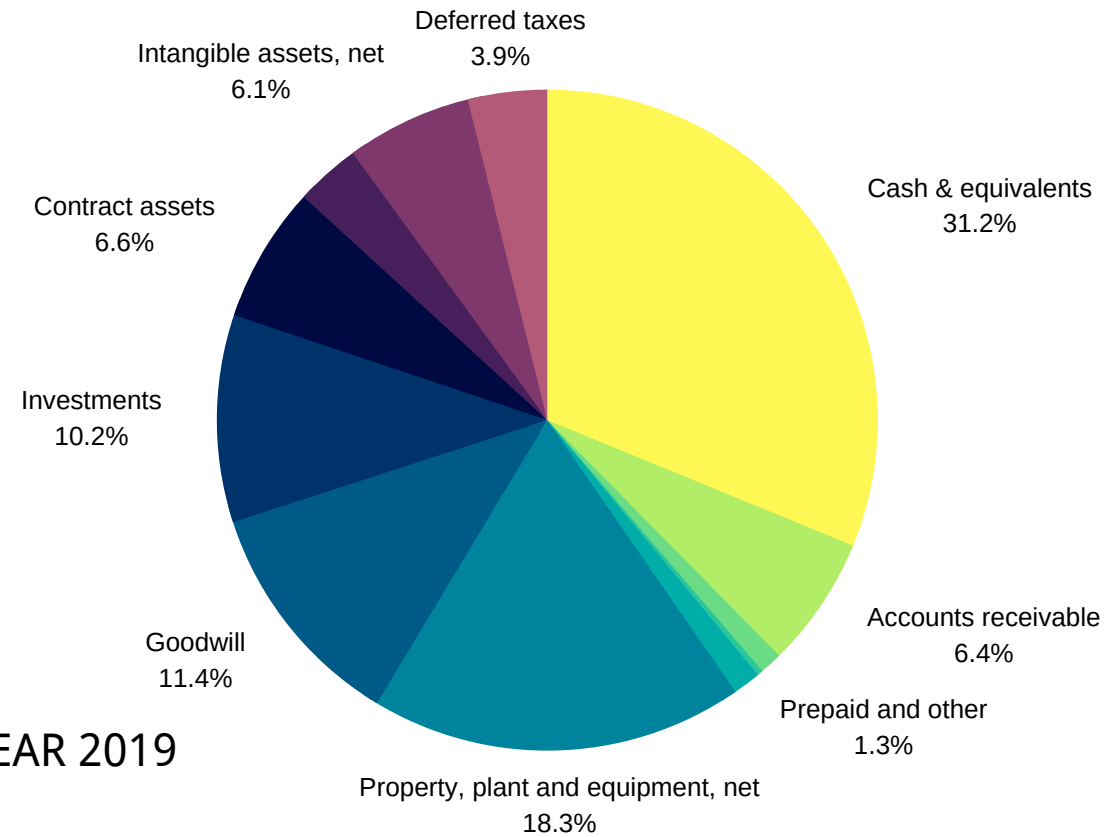
Meanwhile, the long-term debt was identified with a similar dropped in terms of liabilities, decreasing from 49.8% to 47.3% in the same years.



ASSETS OF YEAR 2018

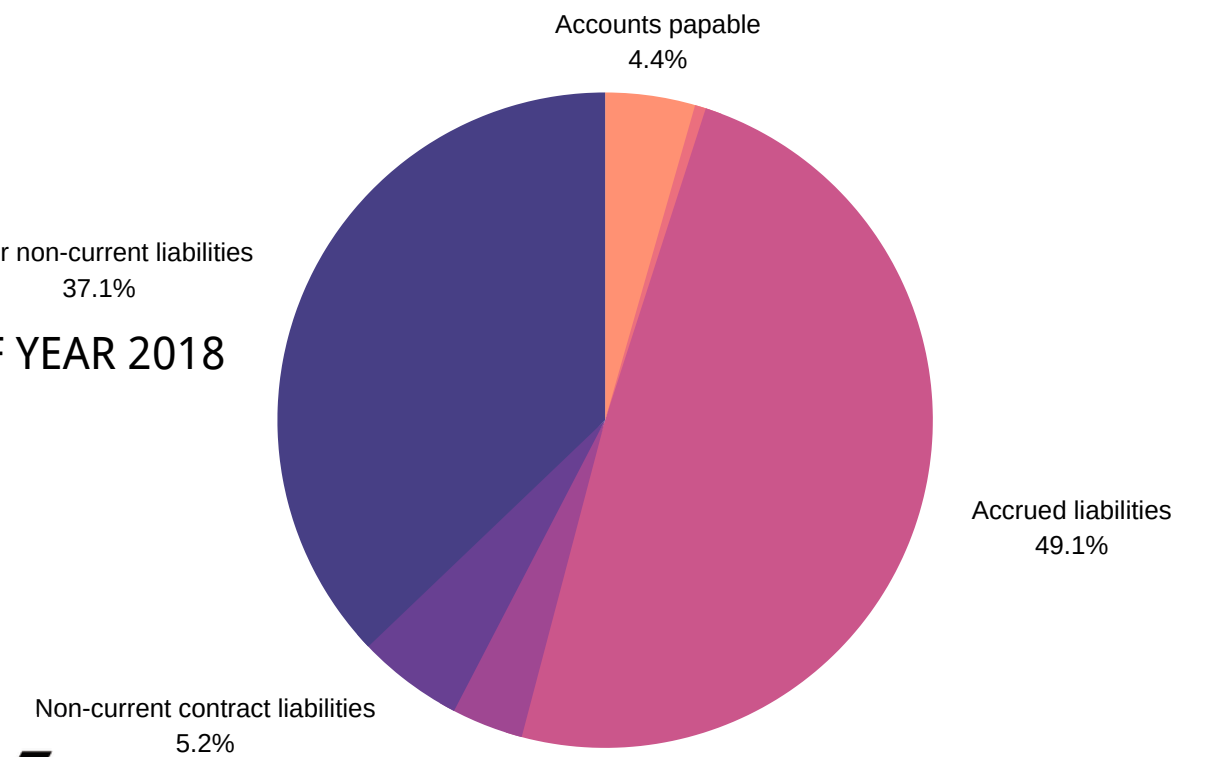


ASSETS OF YEAR 2019

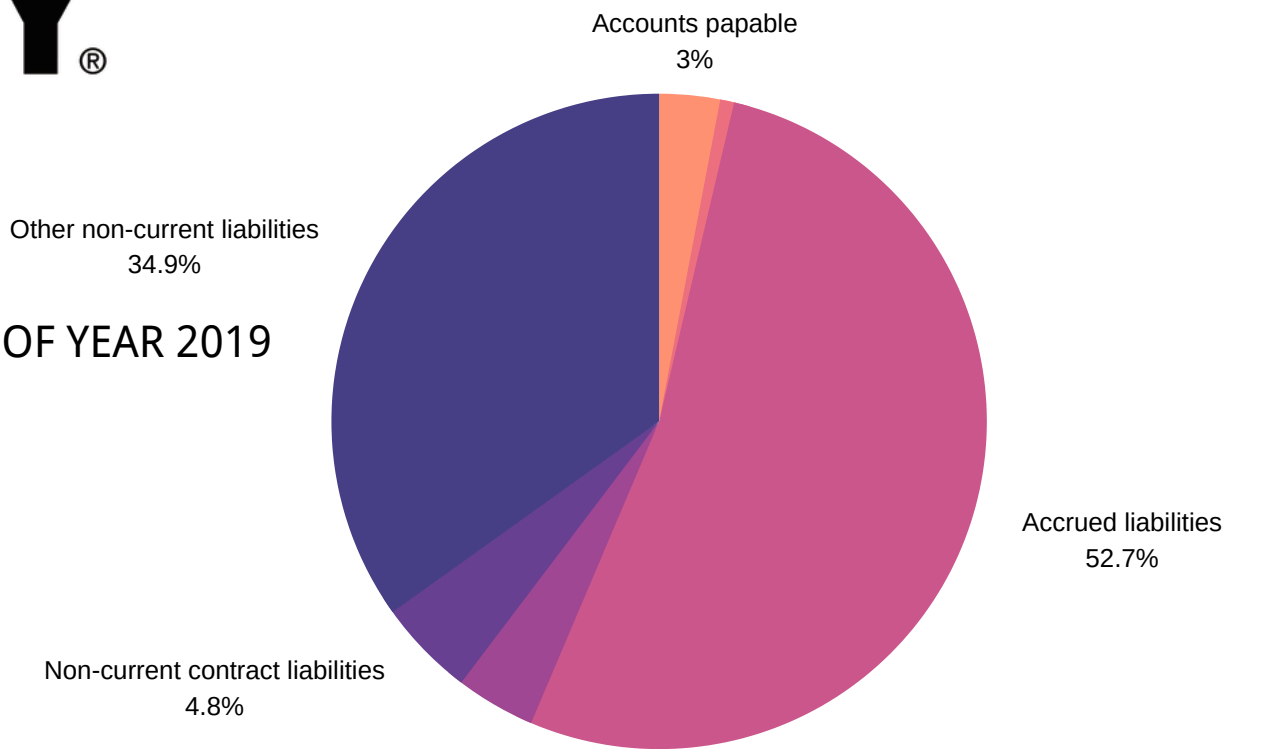


Cash and cash equivalents in 2018 were \$918,063 (in thousands) compared to 2019's \$797,210; it dropped 2%, which be shared on other assets like buying inventories.

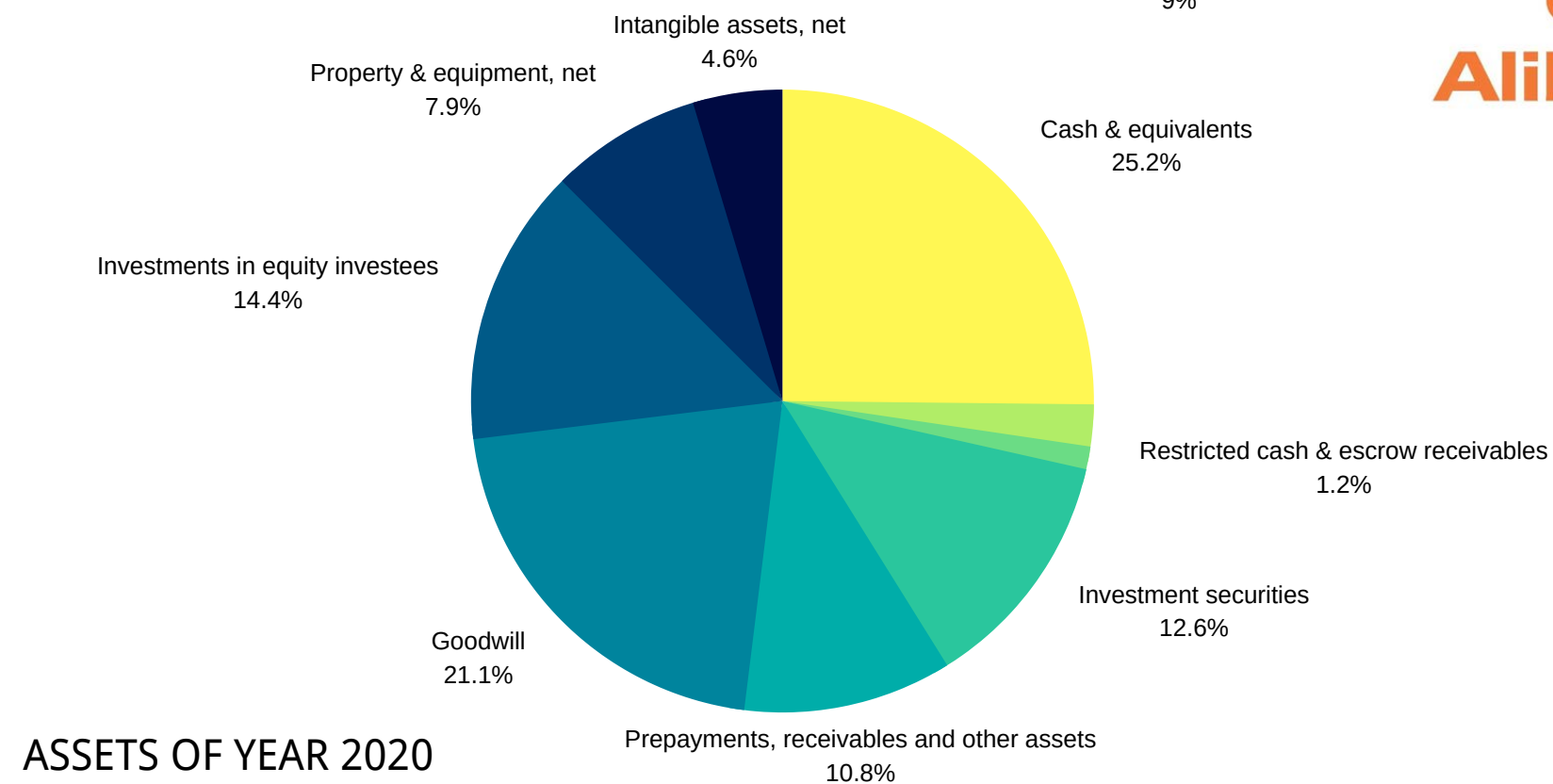
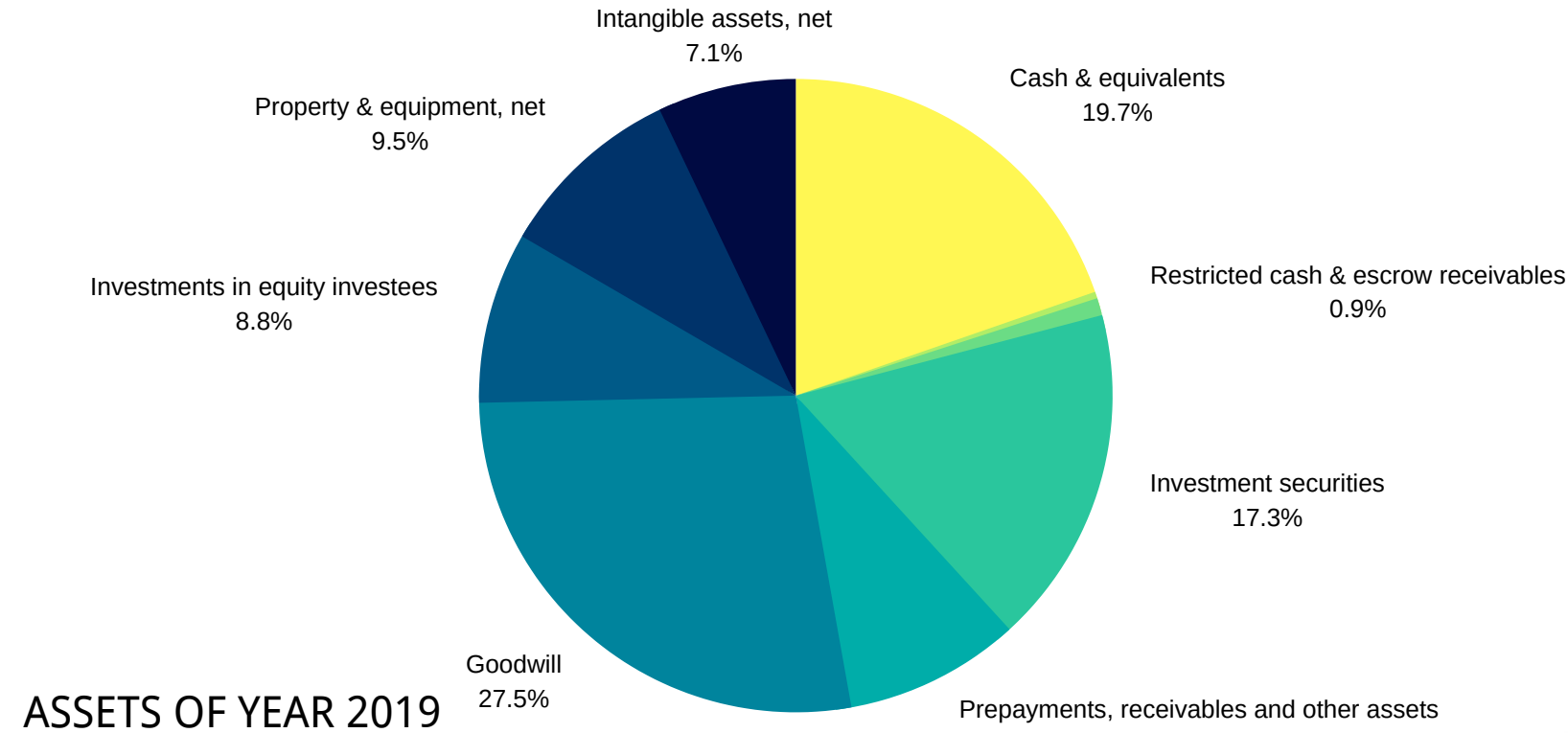
LIABILITIES OF YEAR 2018



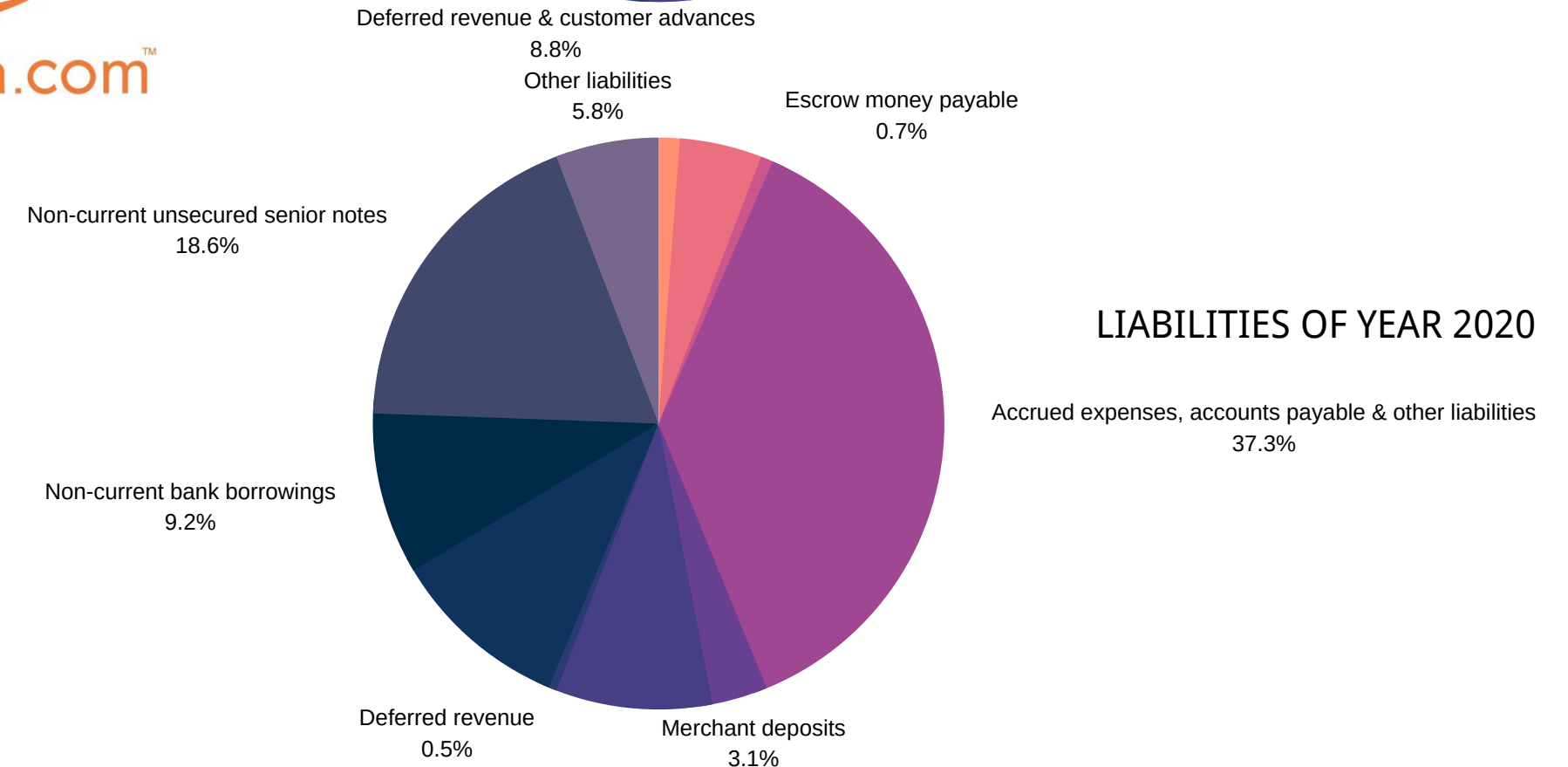
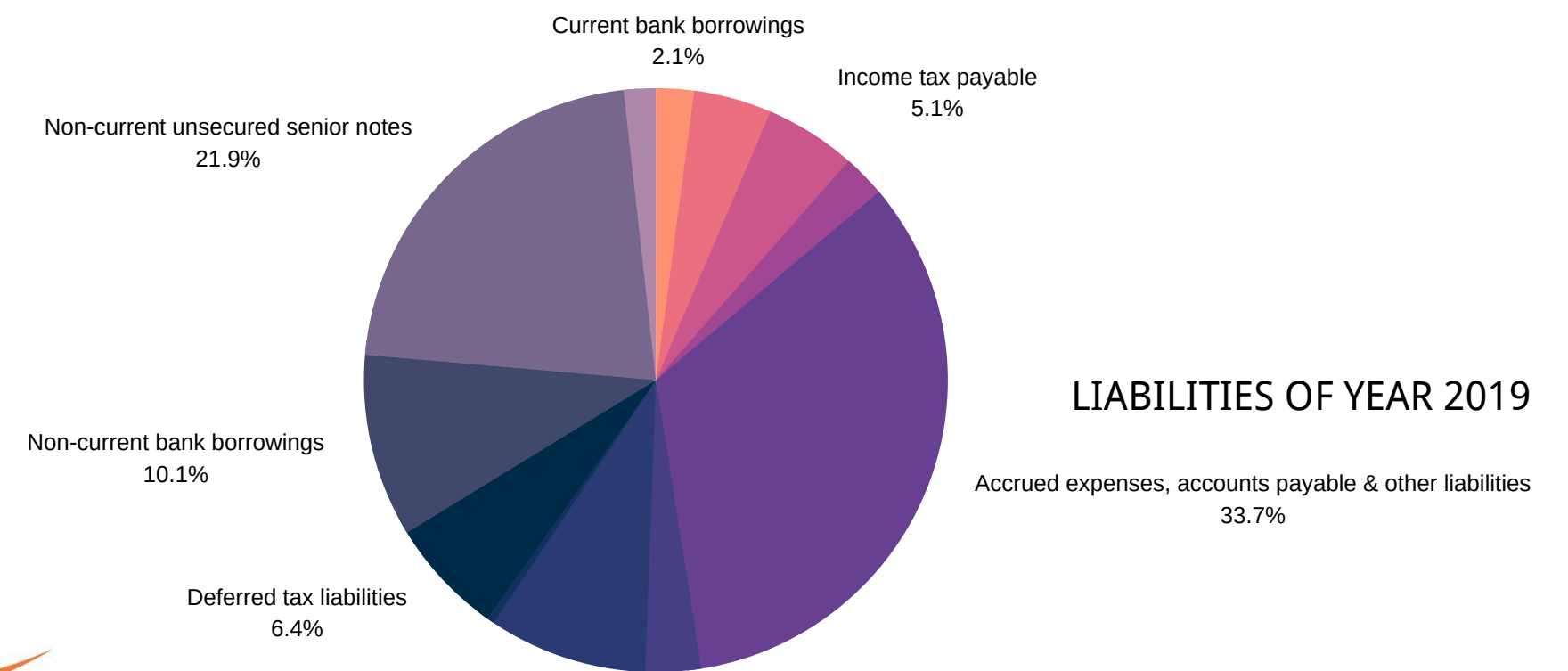
LIABILITIES OF YEAR 2019



Accrued liabilities increased 3.6% from 2018 to 2019 because the company purchase some new assets, for example, Goodwill had increased a bit in 2019.

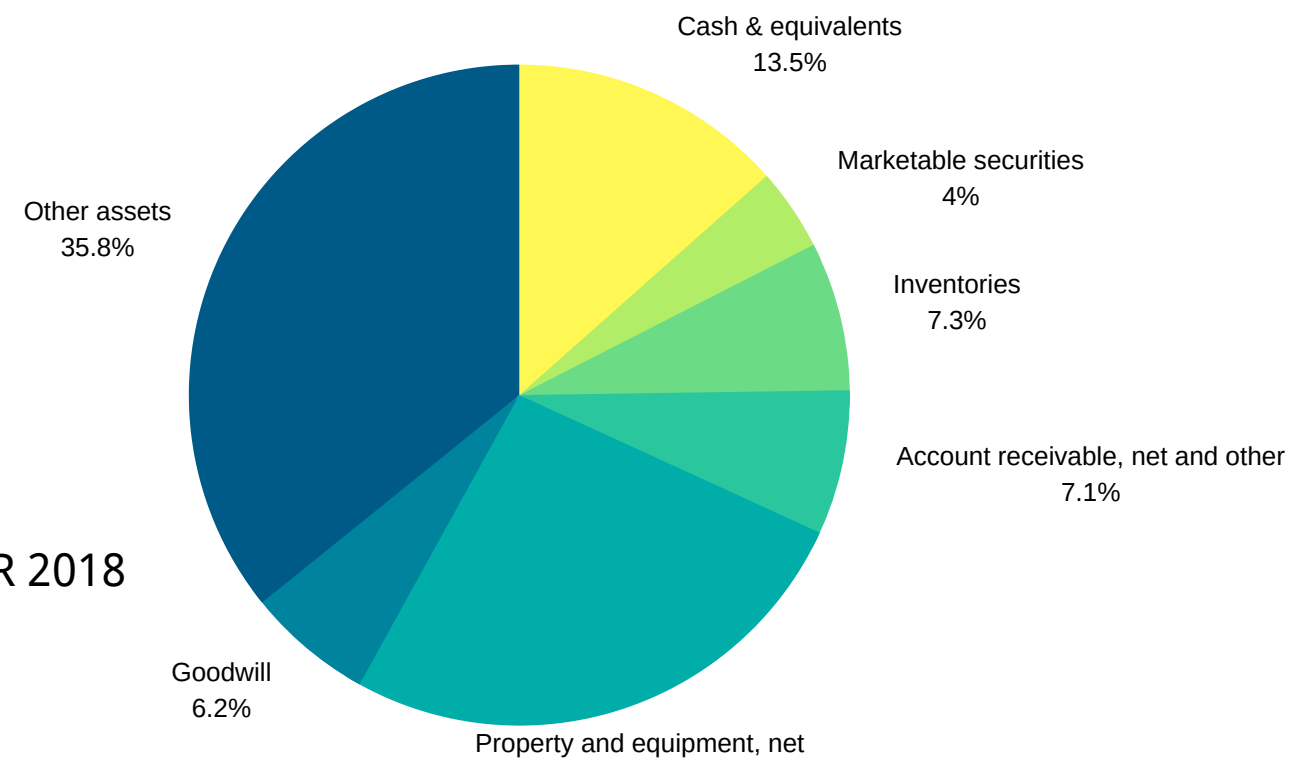


Goodwill significantly dropped **6.4%** from 2019 to 2020, which could mean that Alibaba could be paying more for an asset than it should.

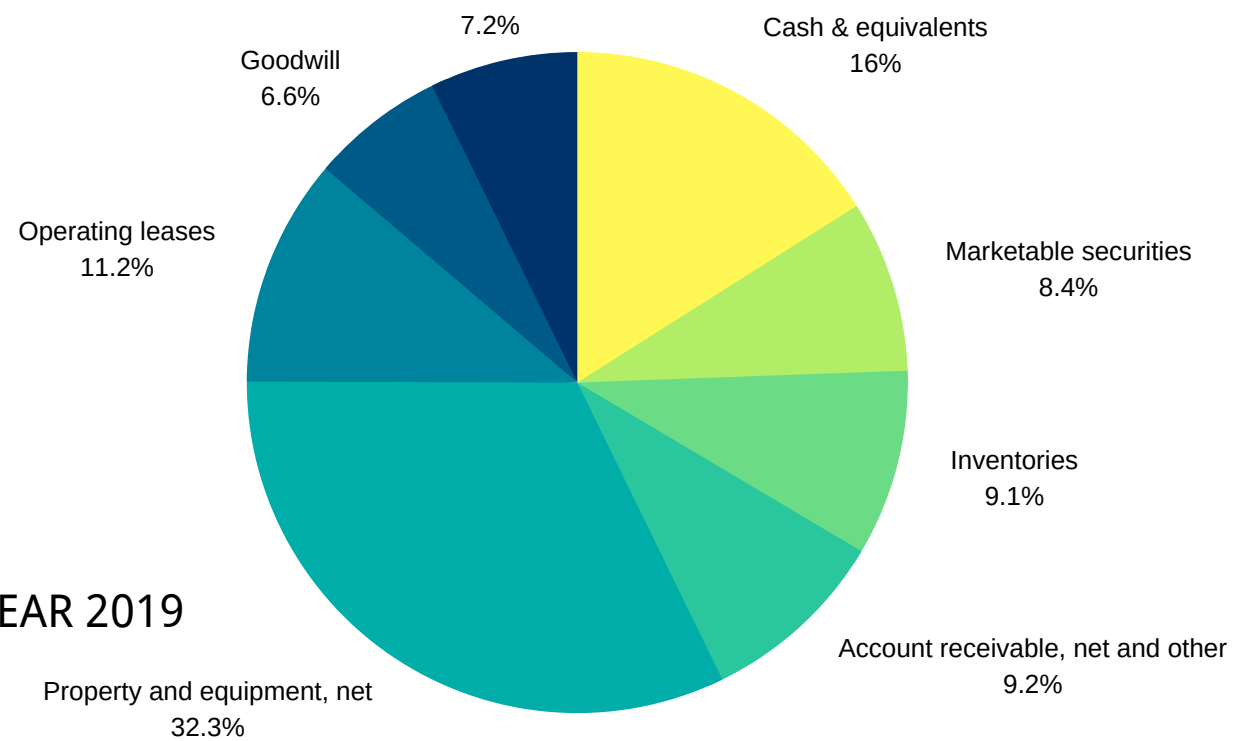


Accrued expenses, accounts payable and other liabilities went up **3.6%** from 2019 to 2020.

ASSETS OF YEAR 2018



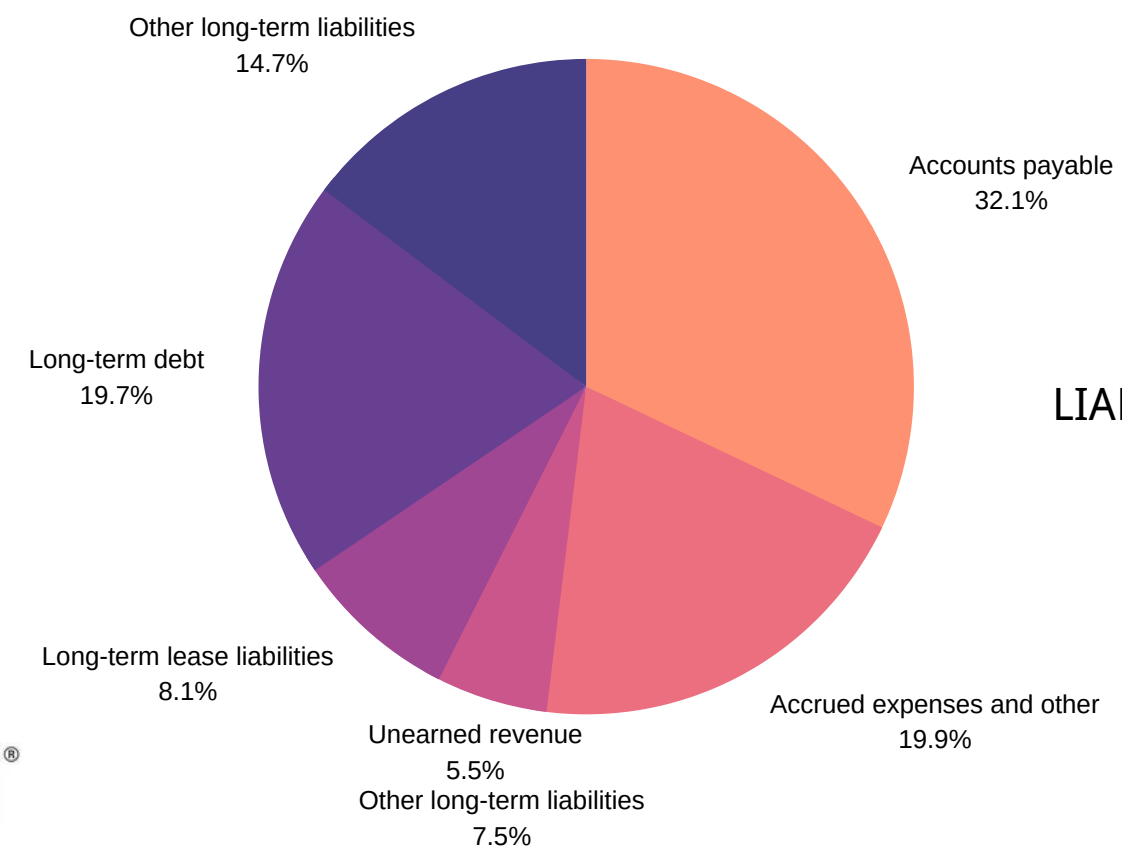
ASSETS OF YEAR 2019



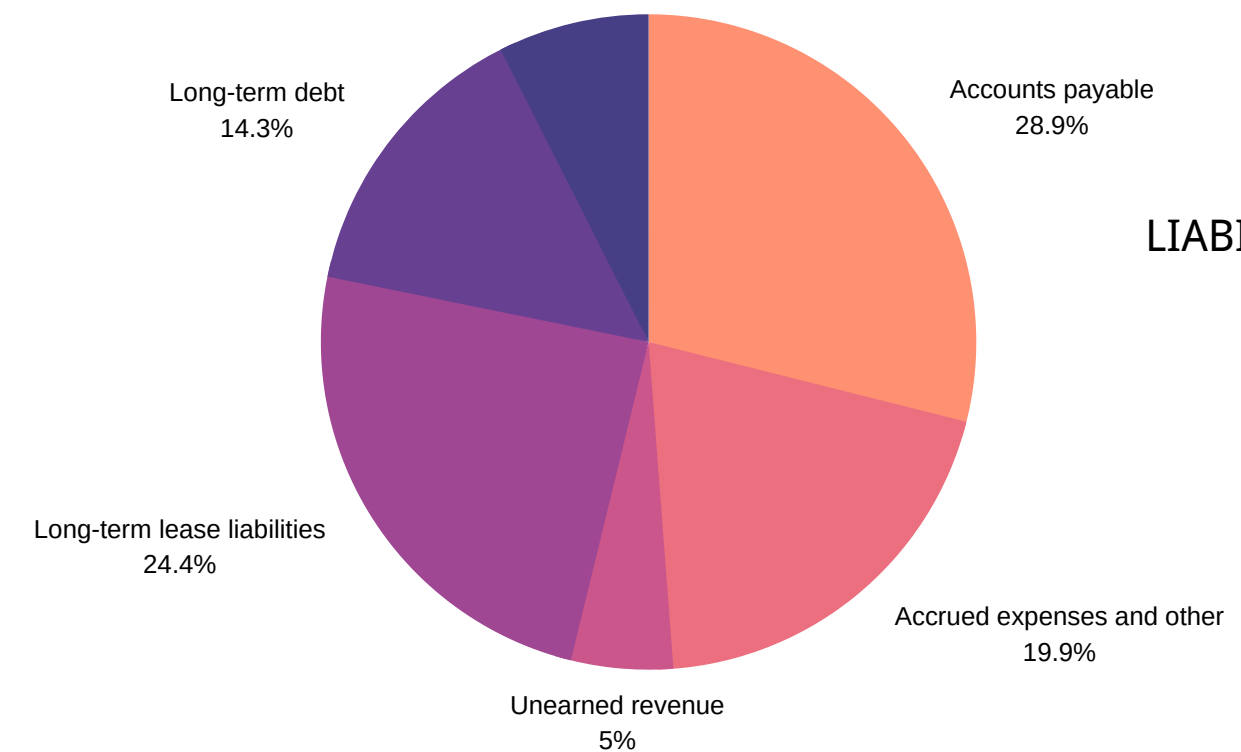
Other assets has a significant decreased 28.6% from 2018 to 2019. Property and equipment, net increased by 6.1% because Amazon perhaps purchased intangible or tangible assets in 2019.



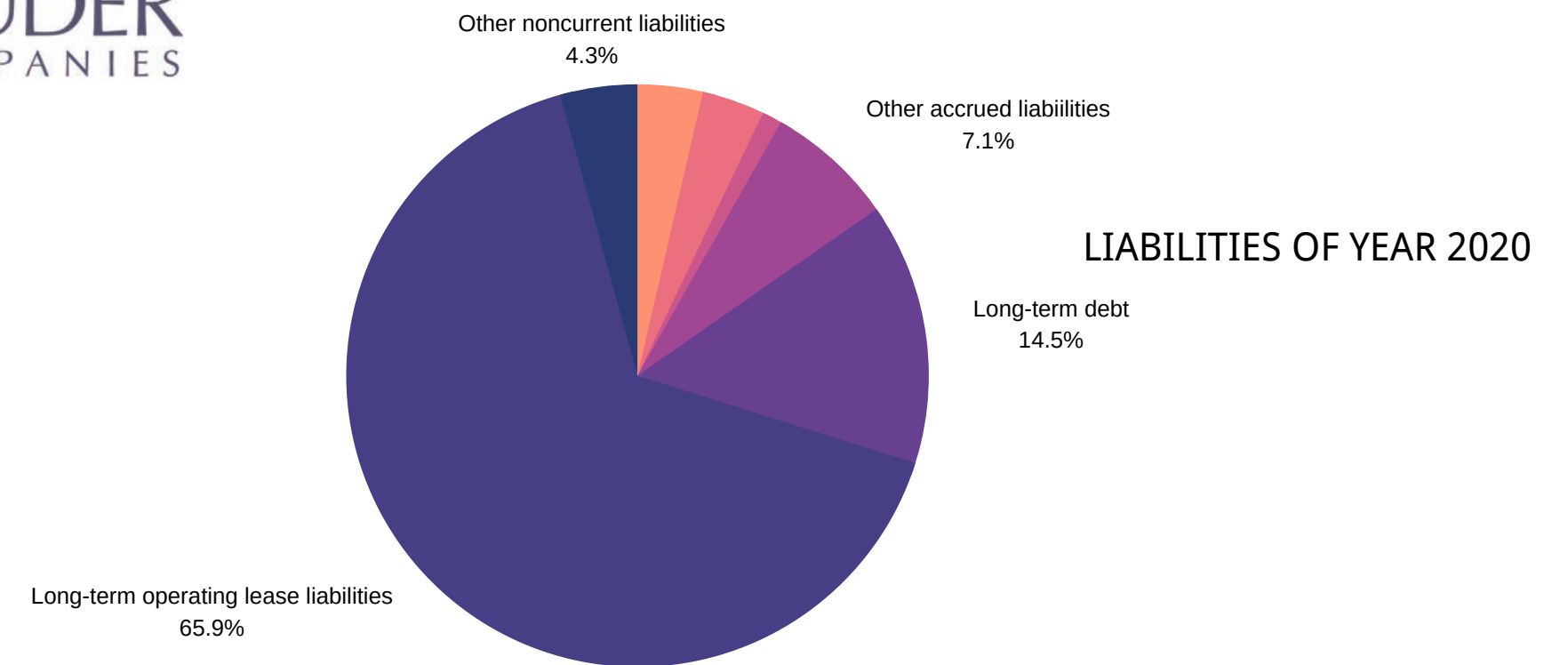
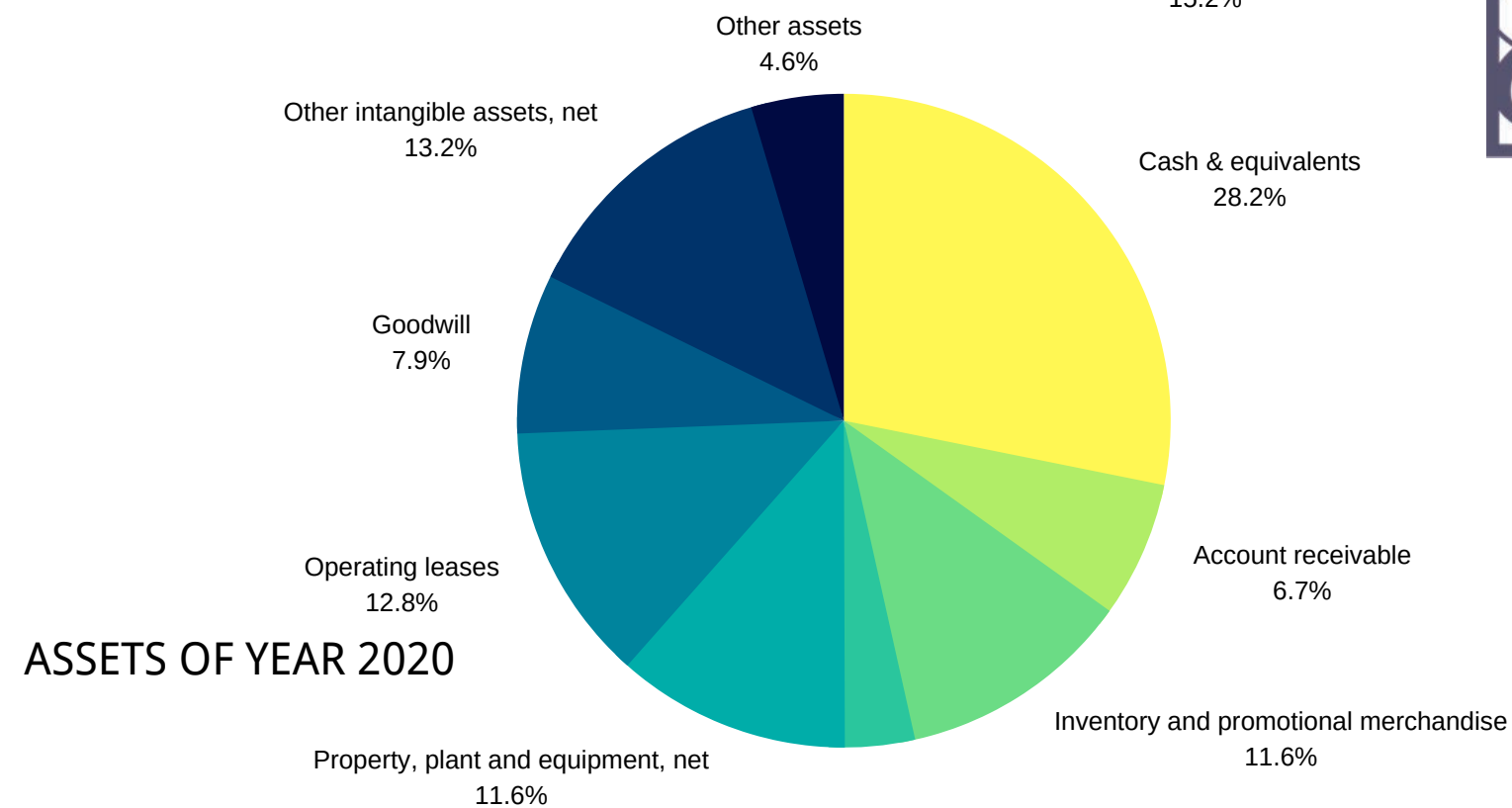
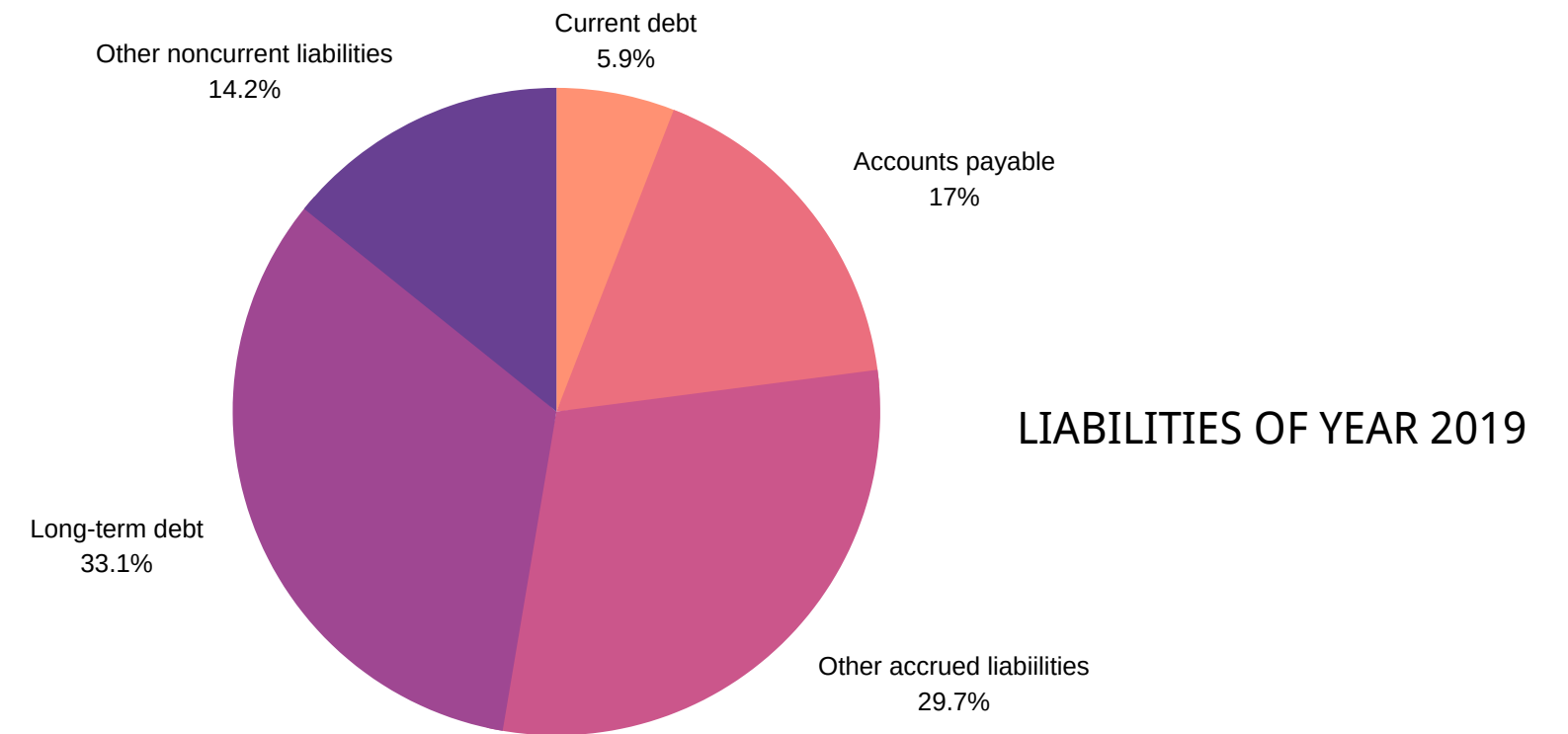
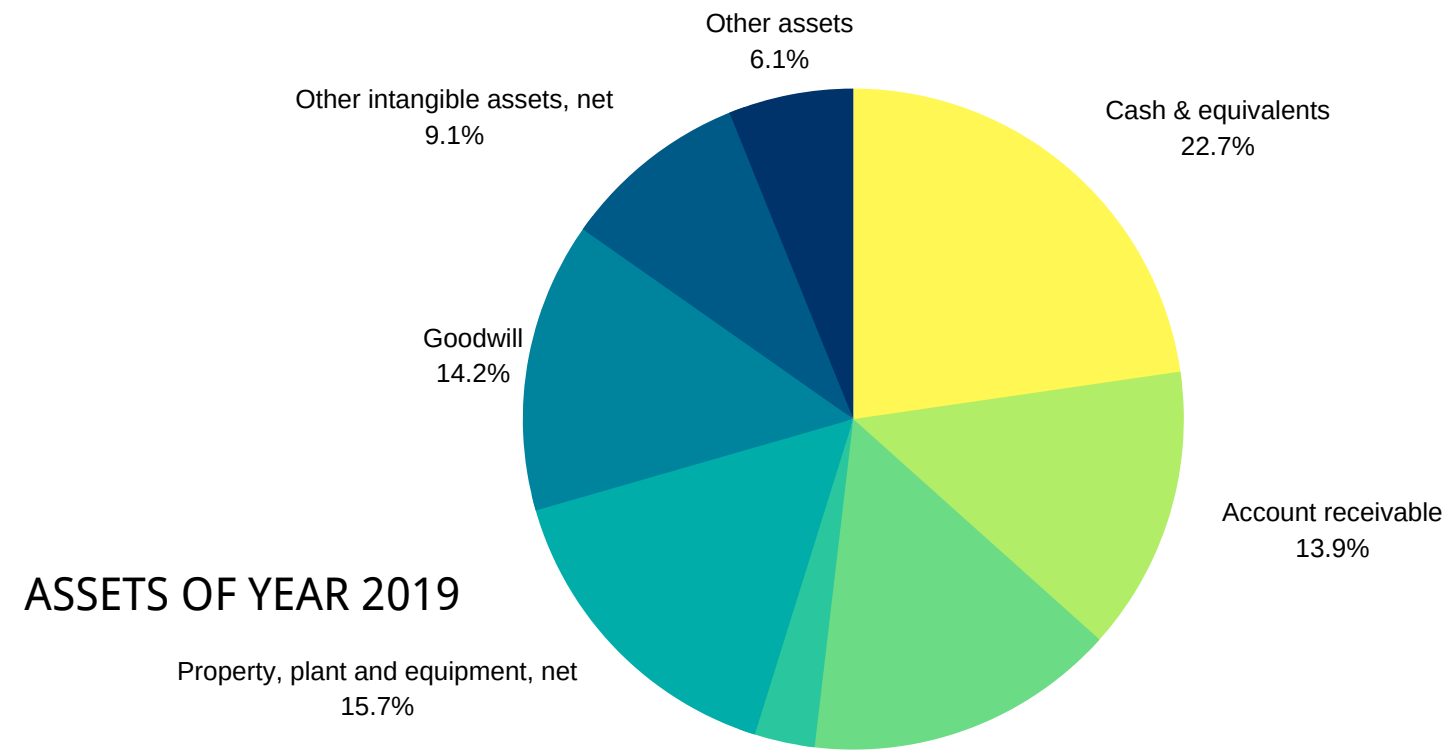
LIABILITIES OF YEAR 2018



LIABILITIES OF YEAR 2019



Long-term lease liabilities rapidly went up 16.3% from 2018 to 2019; combining with the growth of Property and equipment, and the reason may be that Amazon borrowed some equipment.



Cash and equivalents increased by 5.5% from 2019 to 2020, which means the companies has more liquidity in 2020.

Long-term operating lease liabilities have a significant increase of 65.9% from 2019 to 2020.

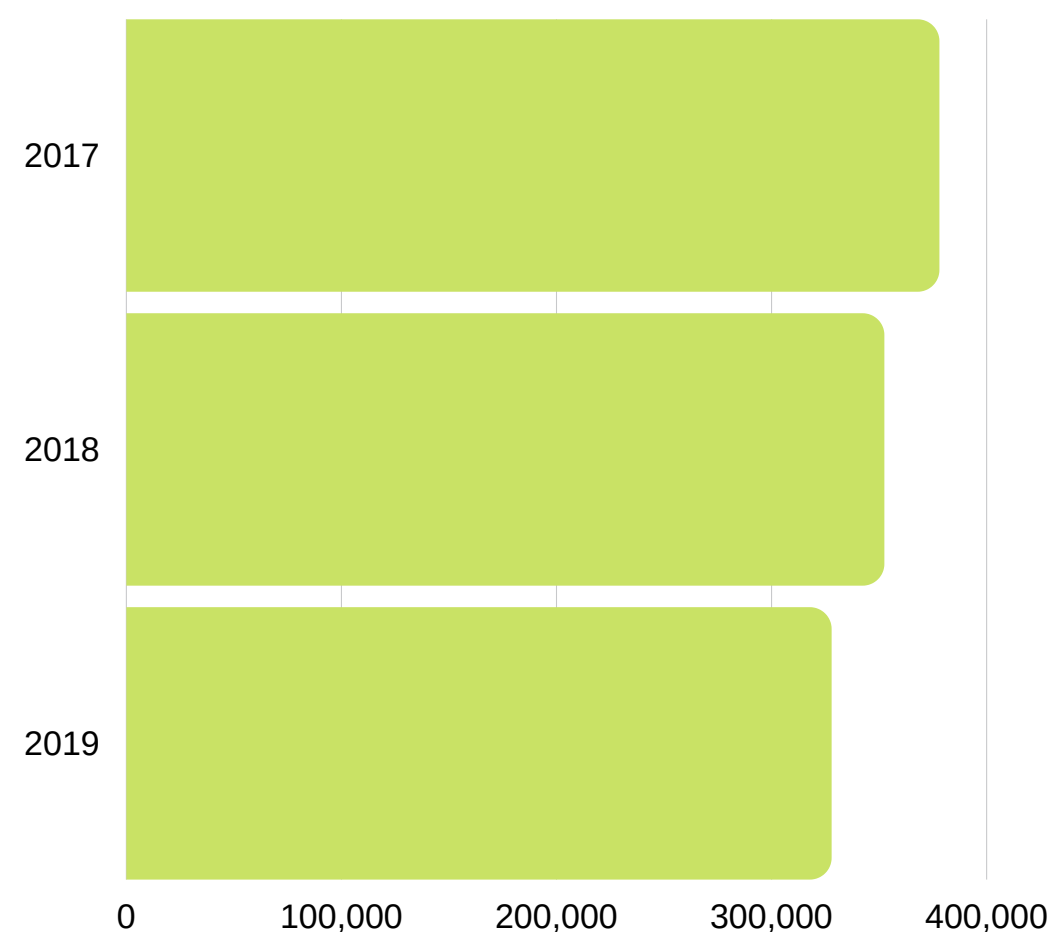
Financial Analysis Project Part III



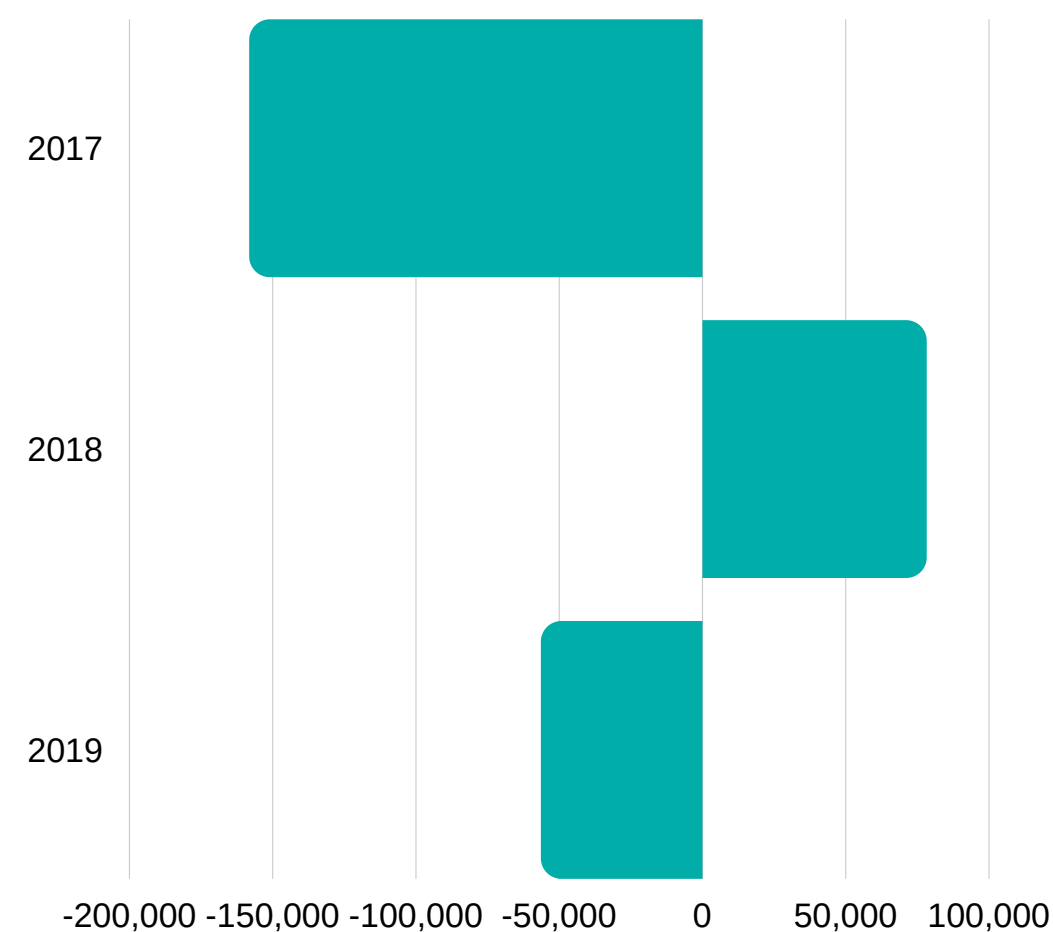
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Professor Kobus



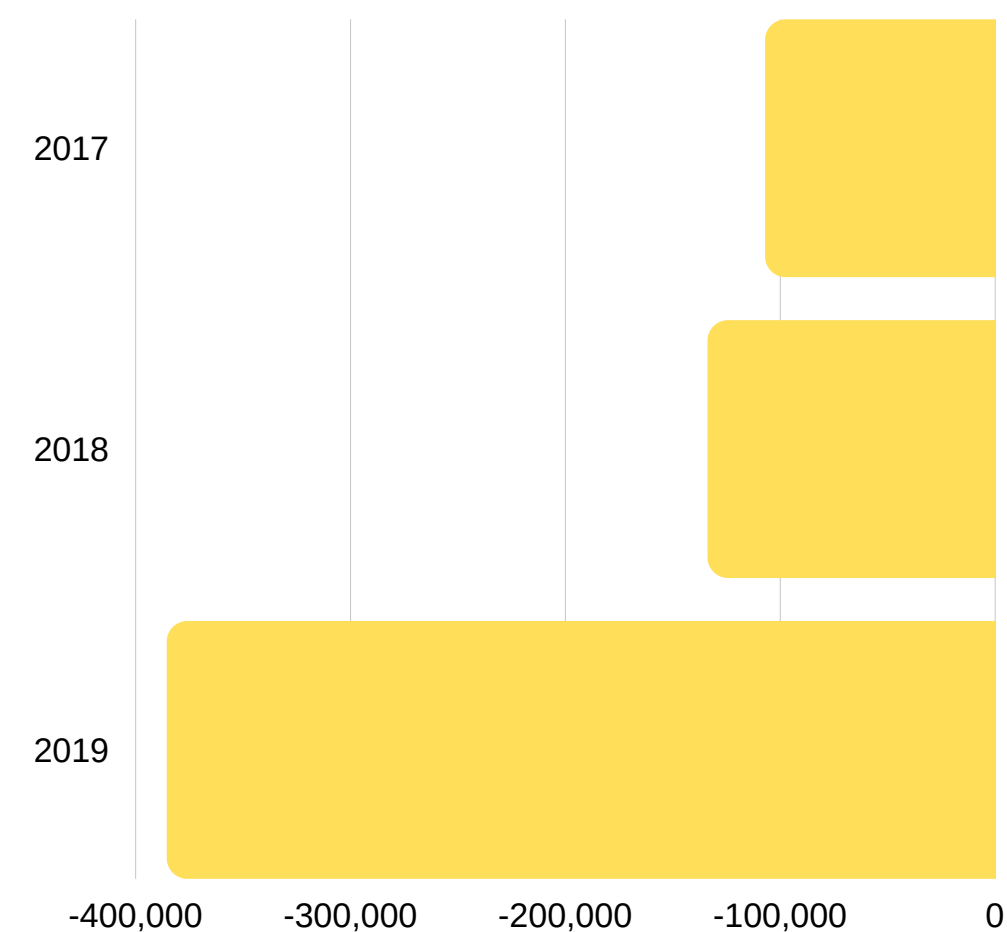
The operating activities gradually decreased from 2017 to 2019. **Sales of investment securities** is the main reason to make net cash of investing activities dropped in 2017. In 2019, DOLBY **Repurchased common stock** in those cases the financing activities rapidly decreased.



Operating activities (in thousands)



Investing activities (in thousands)

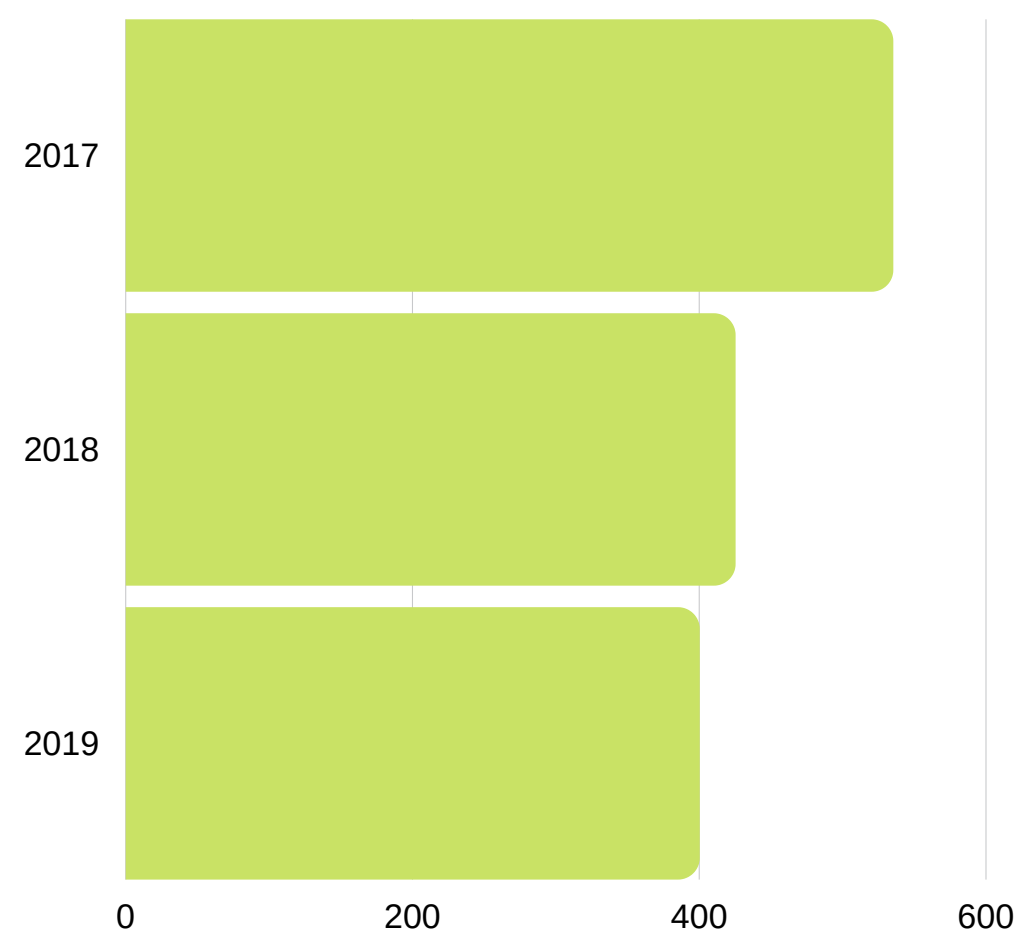


Financing activities (in thousands)

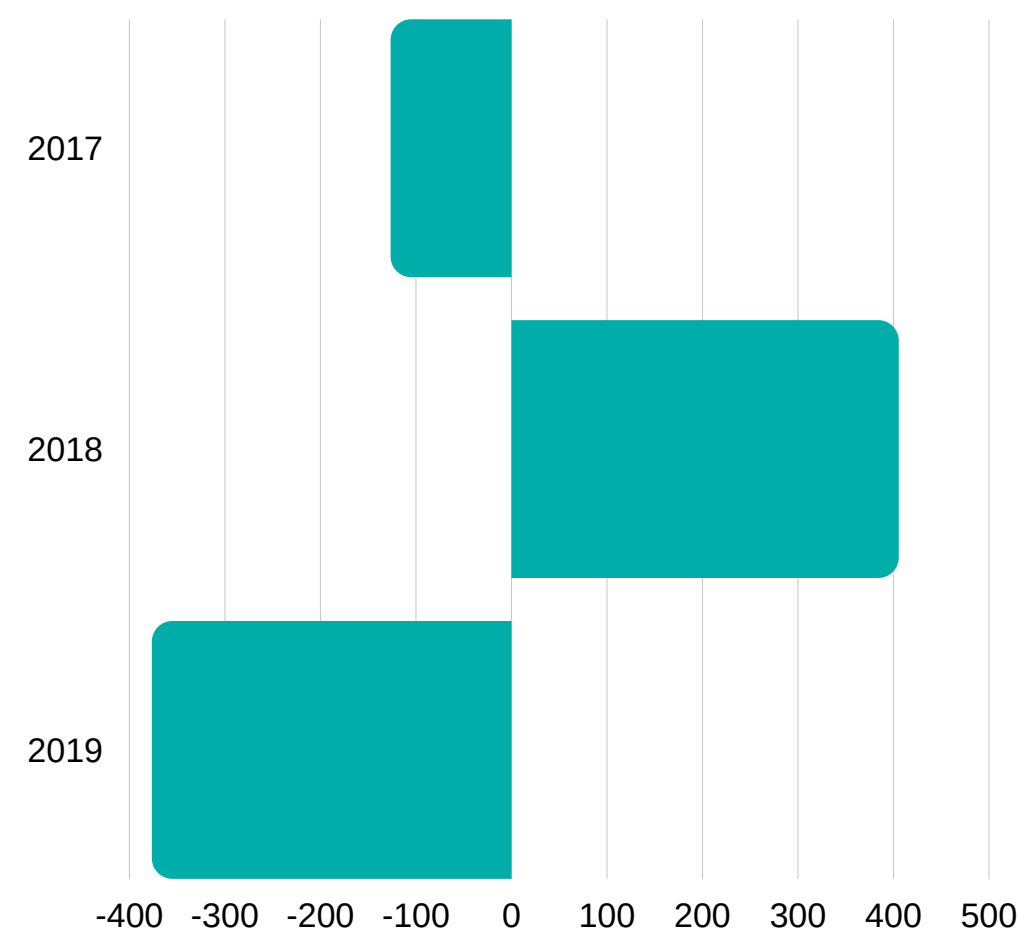


WARNER MUSIC GROUP

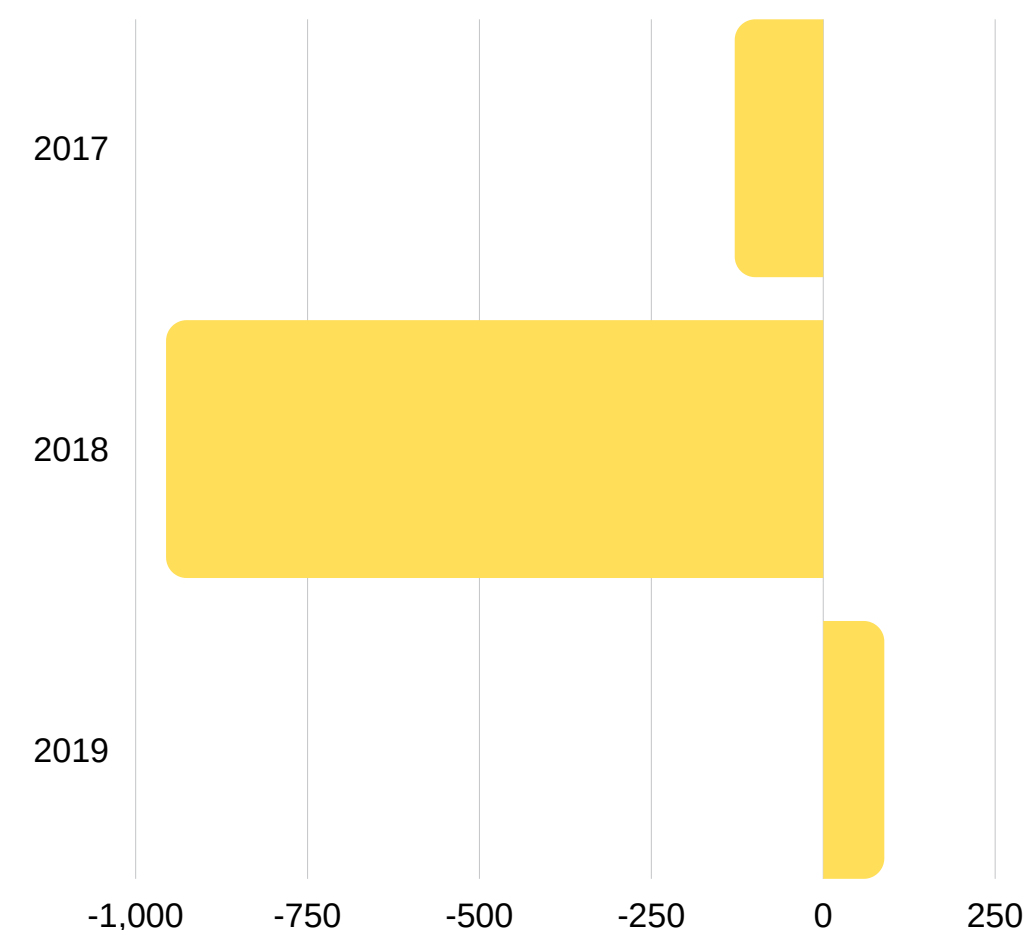
Because WARNER didn't have cash flows in **Sales of investment securities**, the net cash of investing activities dropped in **2019**. In 2018, WARNER **Repaid the deposit for Acquisition Corp** that makes the financing activities rapidly decreased.



Operating activities (in millions)



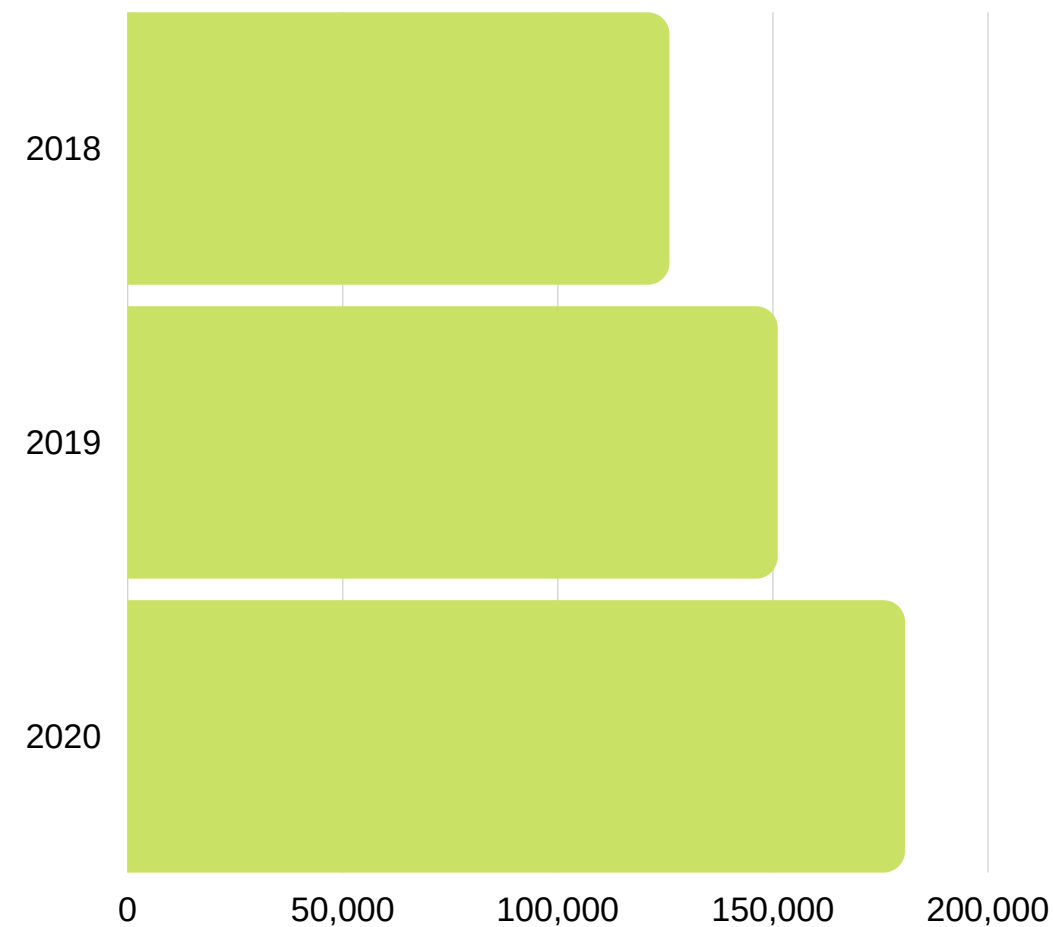
Investing activities (in millions)



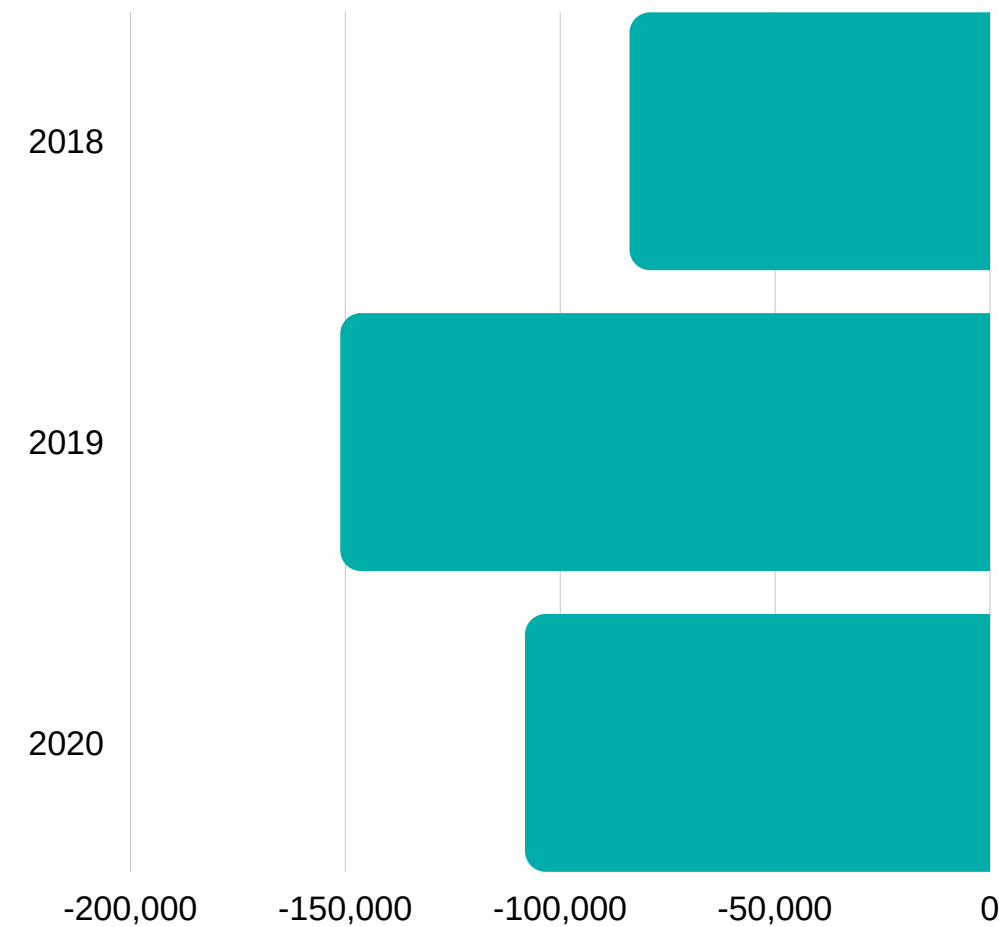
Financing activities (in millions)



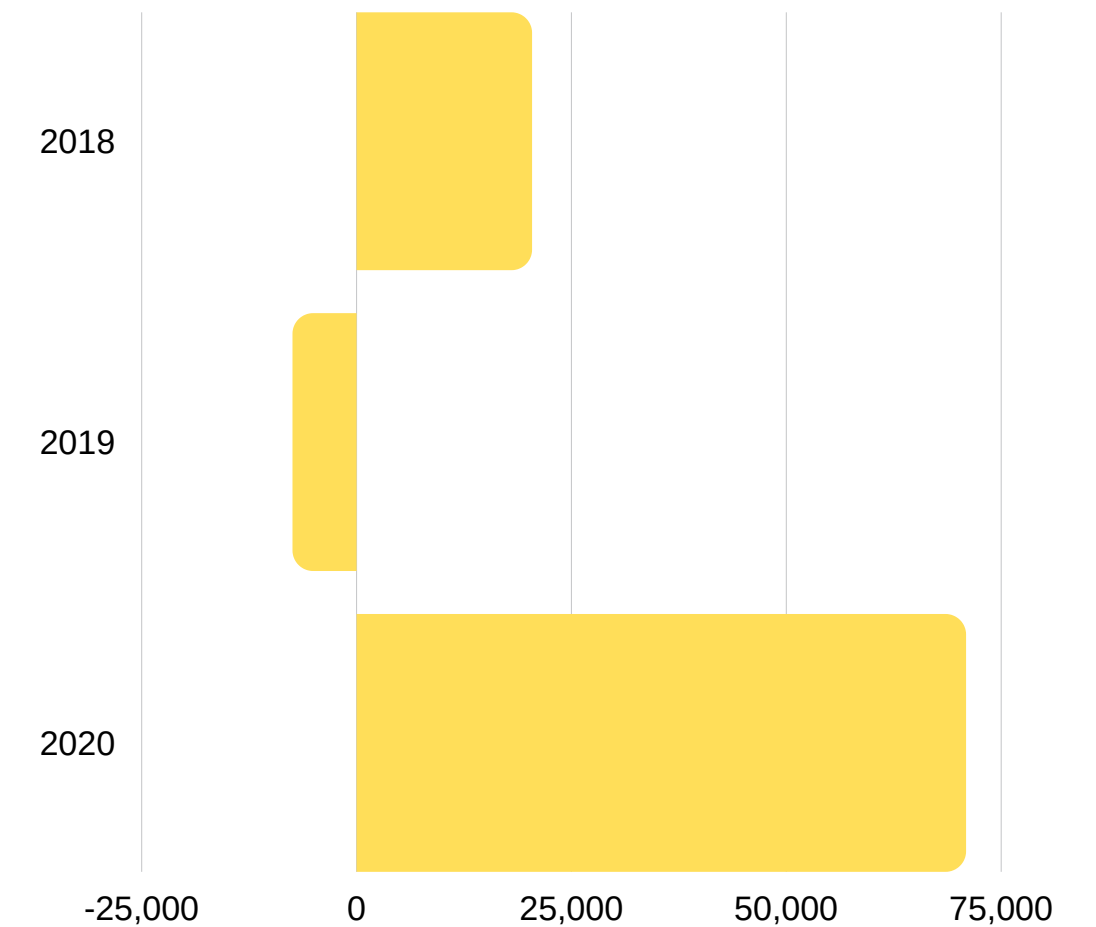
The **operating activities** gradually increased from 2018 to 2020. Cash flows from financing activities dramatically increased in 2020 because Alibaba **issued ordinary shares**; Alibaba **repurchased ordinary shares** that caused cash flows of financing activities to decrease in 2019.



Operating activities (in millions RMB)



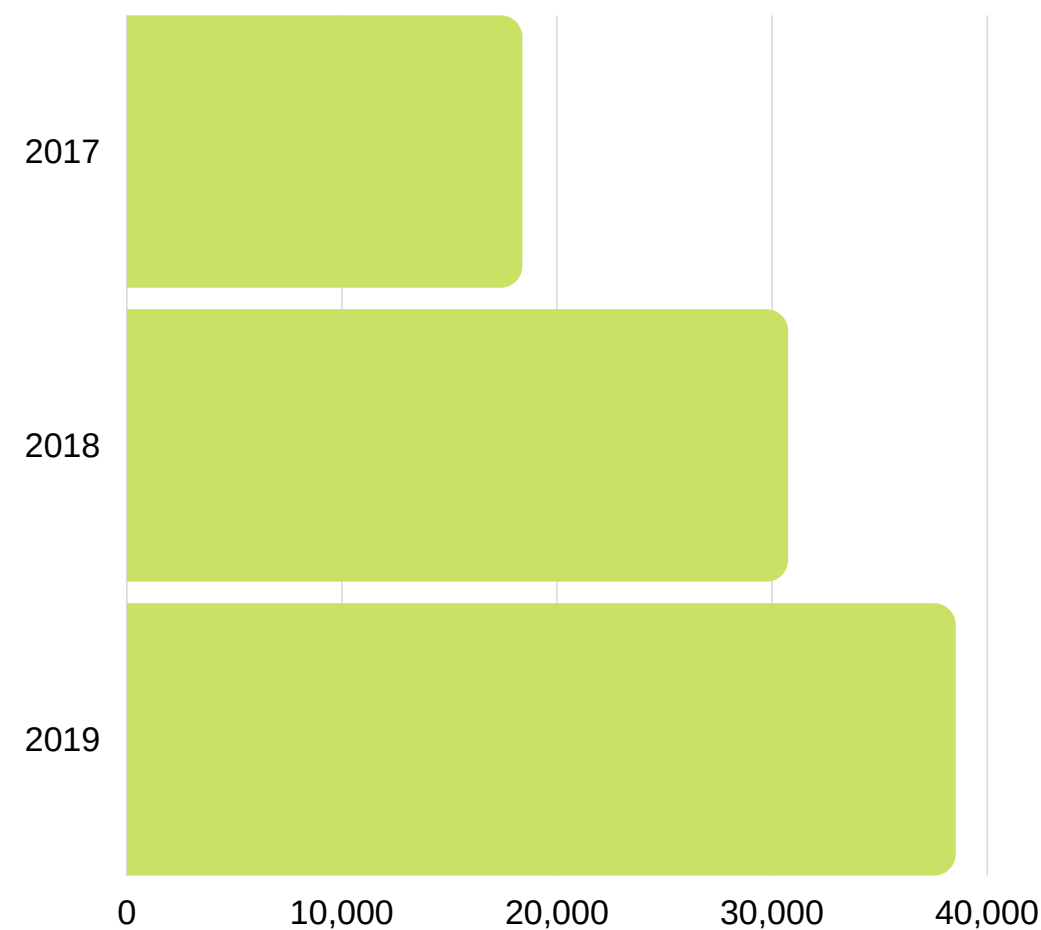
Investing activities (in millions RMB)



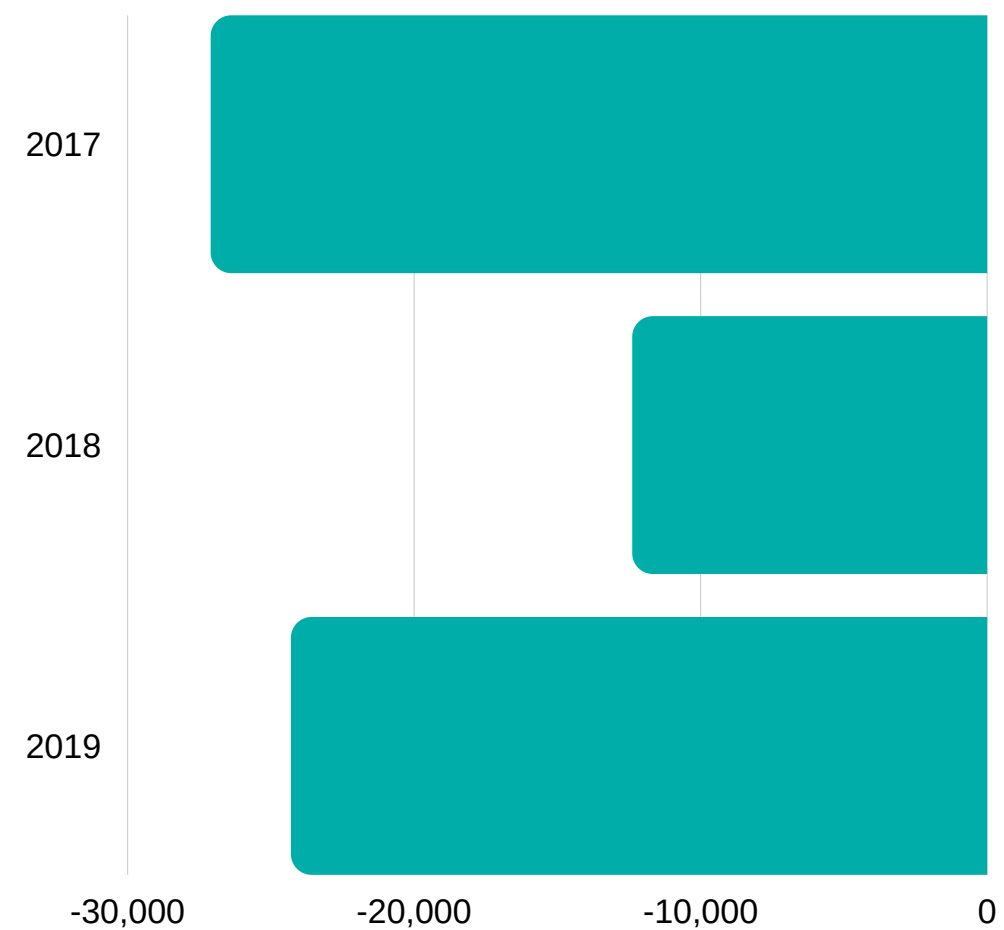
Financing activities (in millions RMB)



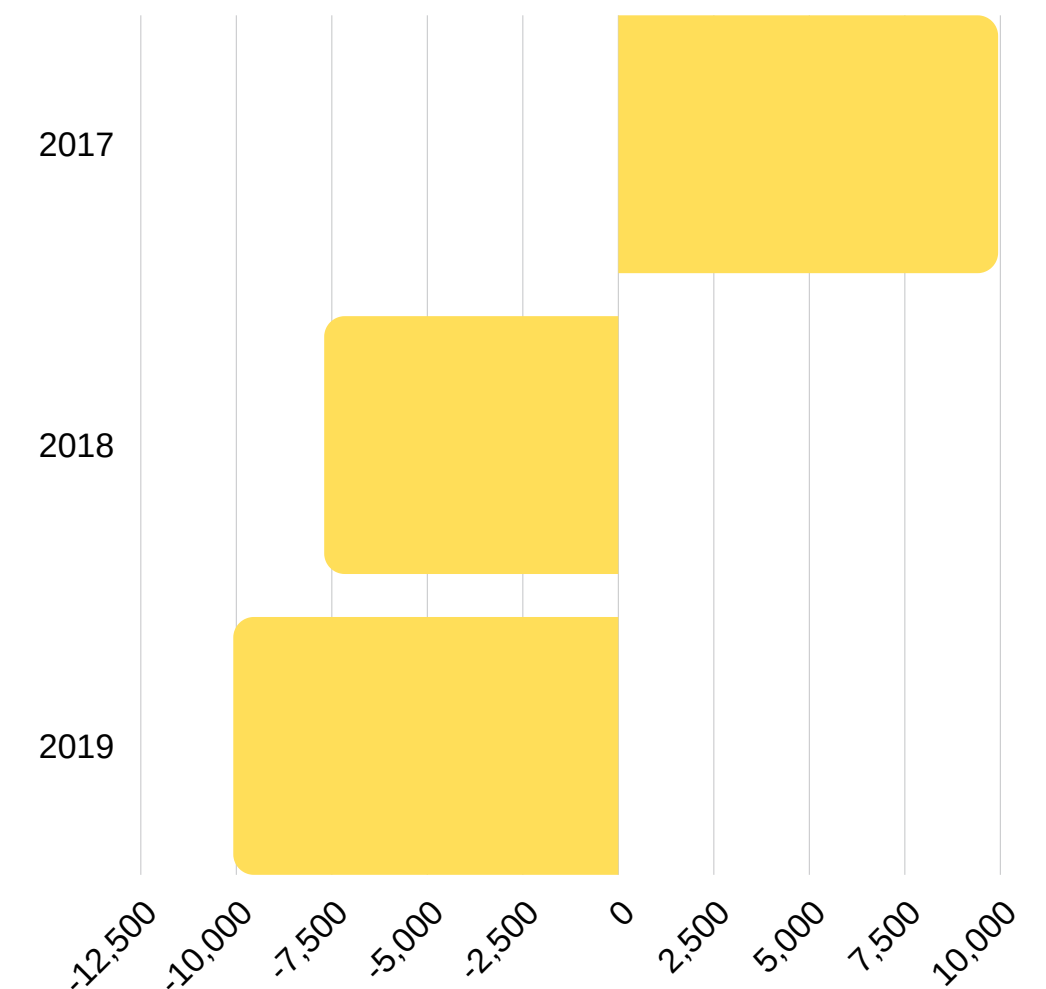
Amazon **purchased marketable securities** in 2018 less than that in 2017 and 2019, so that net cash used in operating activities decreased in 2018. The **proceeds from long-term debt and other** financing activities in 2017 cash flow more than that in 2018 and 2019.



Operating activities (in millions)



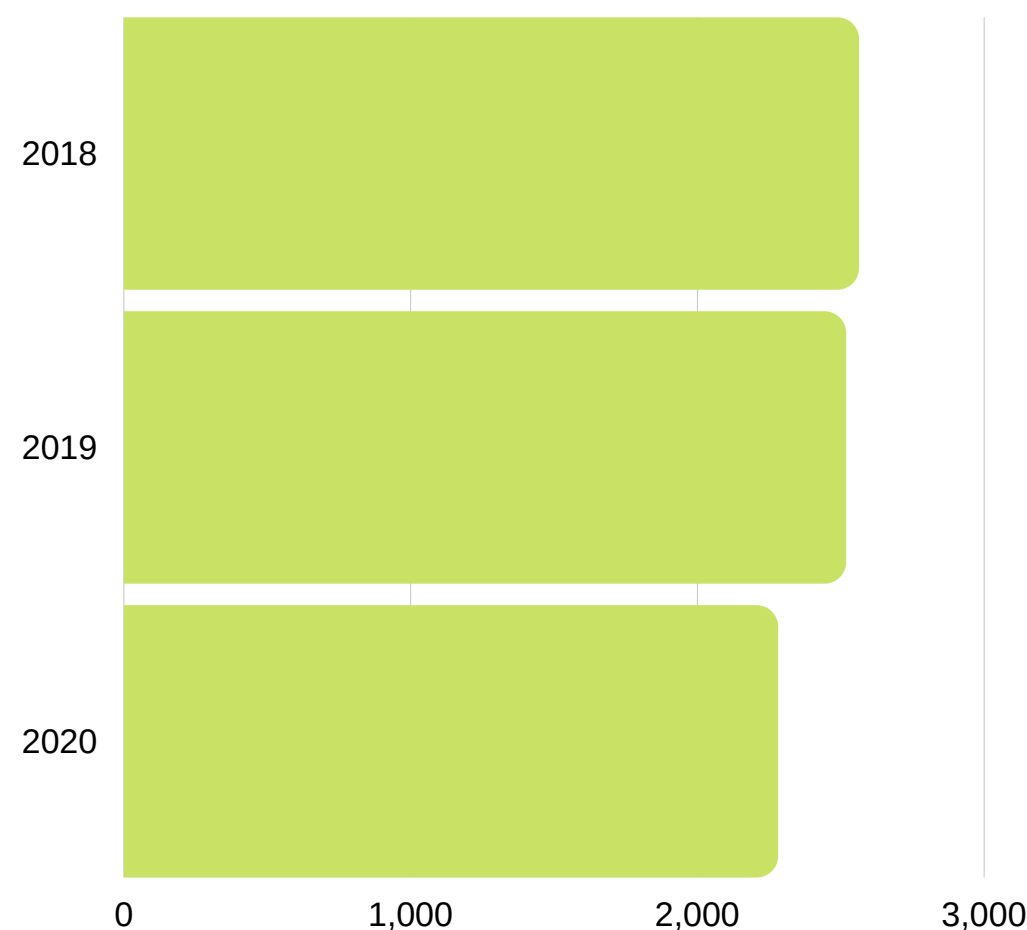
Investing activities (in millions)



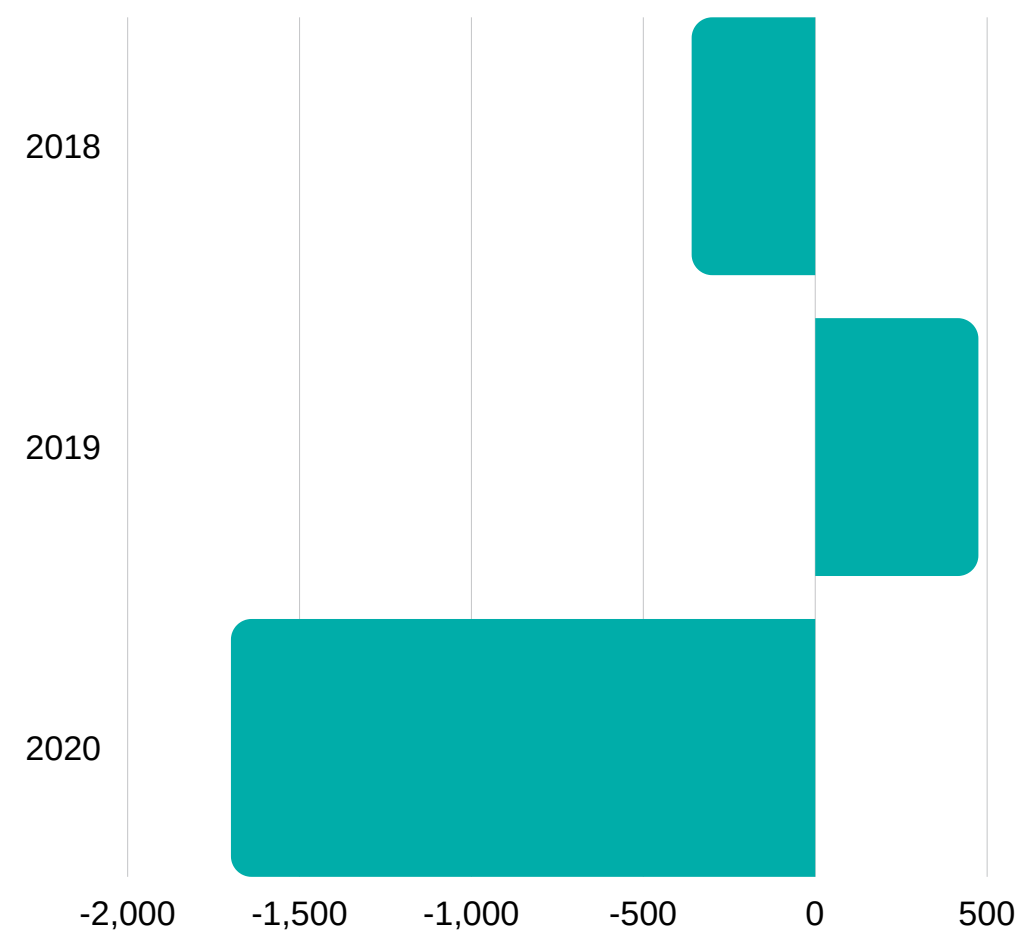
Financing activities (in millions)



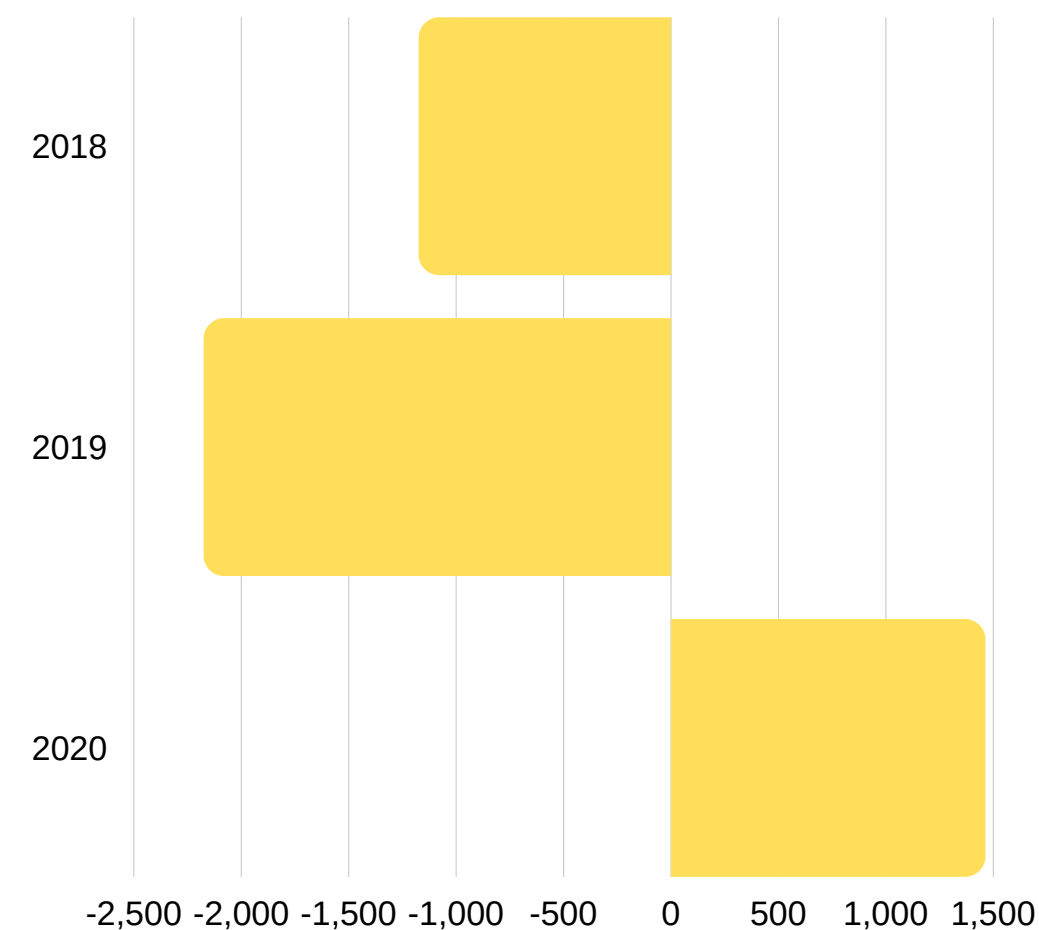
The payments for acquired businesses, net of cash acquired of net cash flows provided by investing activities in 2020 sharply decreased a lot than that in the other two years. The cash flows of financing activities increased in 2020 because of the proceeds from the issuance of long-term debt.



Operating activities (in millions)



Investing activities (in millions)

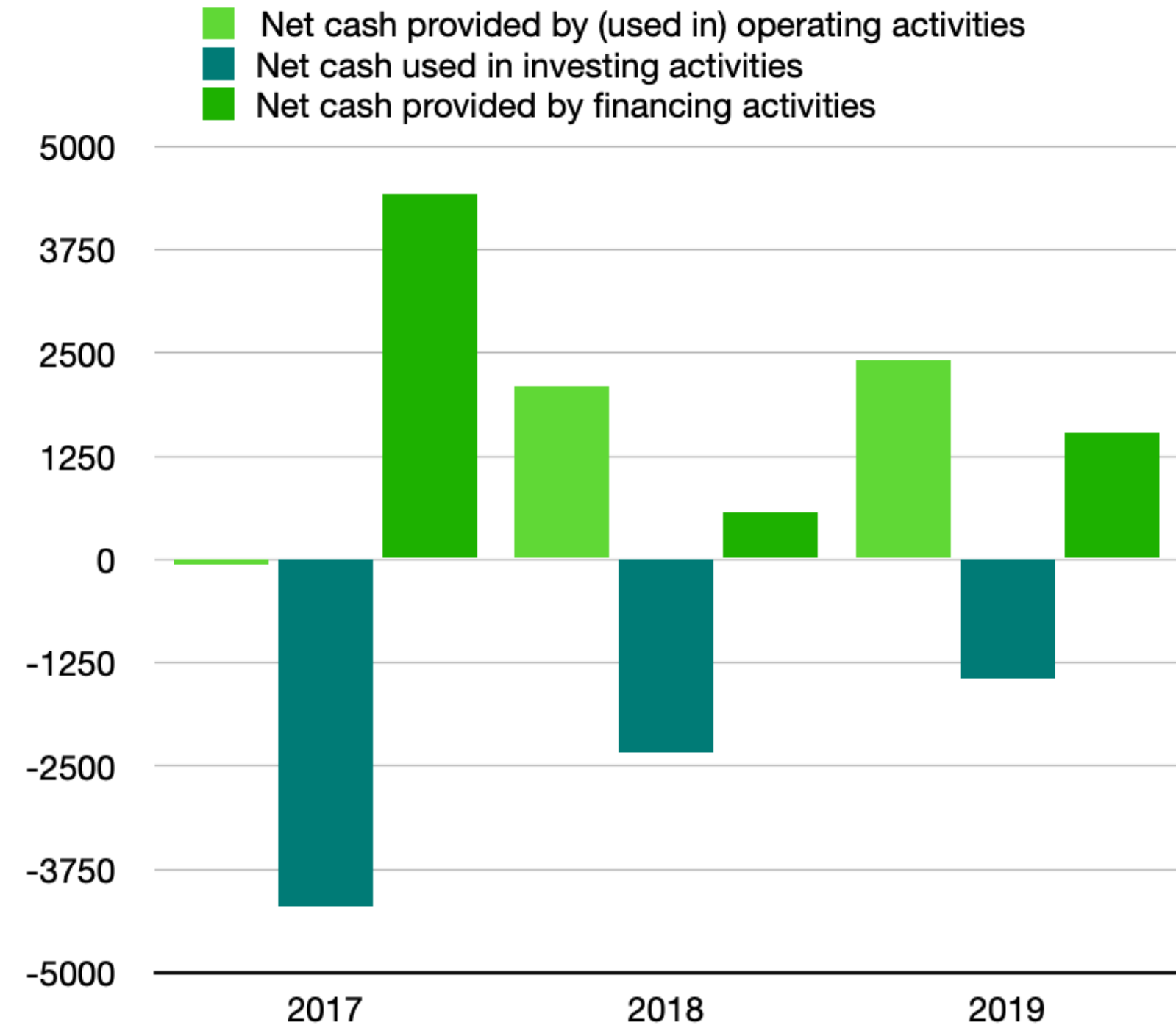


Financing activities (in millions)

TESLA

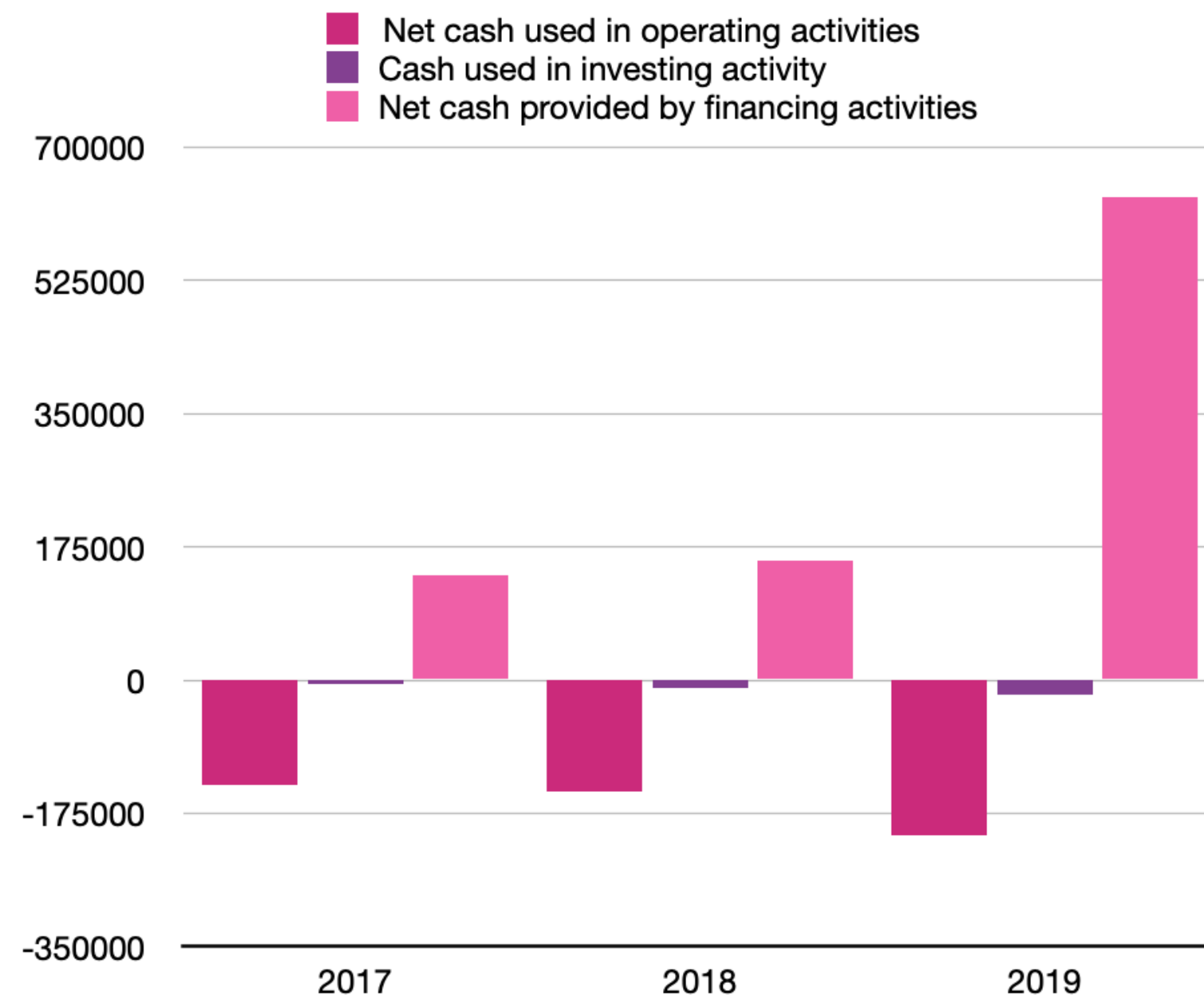
Cash Flow Analysis (in Millions)

As you can see from the graph, Tesla's net cash used in investing activities, while negative, is steadily decreasing from year to year. The company's financing activities have been positive and a substantial decline in the state may be related to the company's development is stable. The fact that the net cash used in operating activities has been negative in 2017 and has been increasing year after year since 2018 means that the company's operations are becoming healthier.



Virgin Galactic

Cash Flow Analysis (in Thousands)

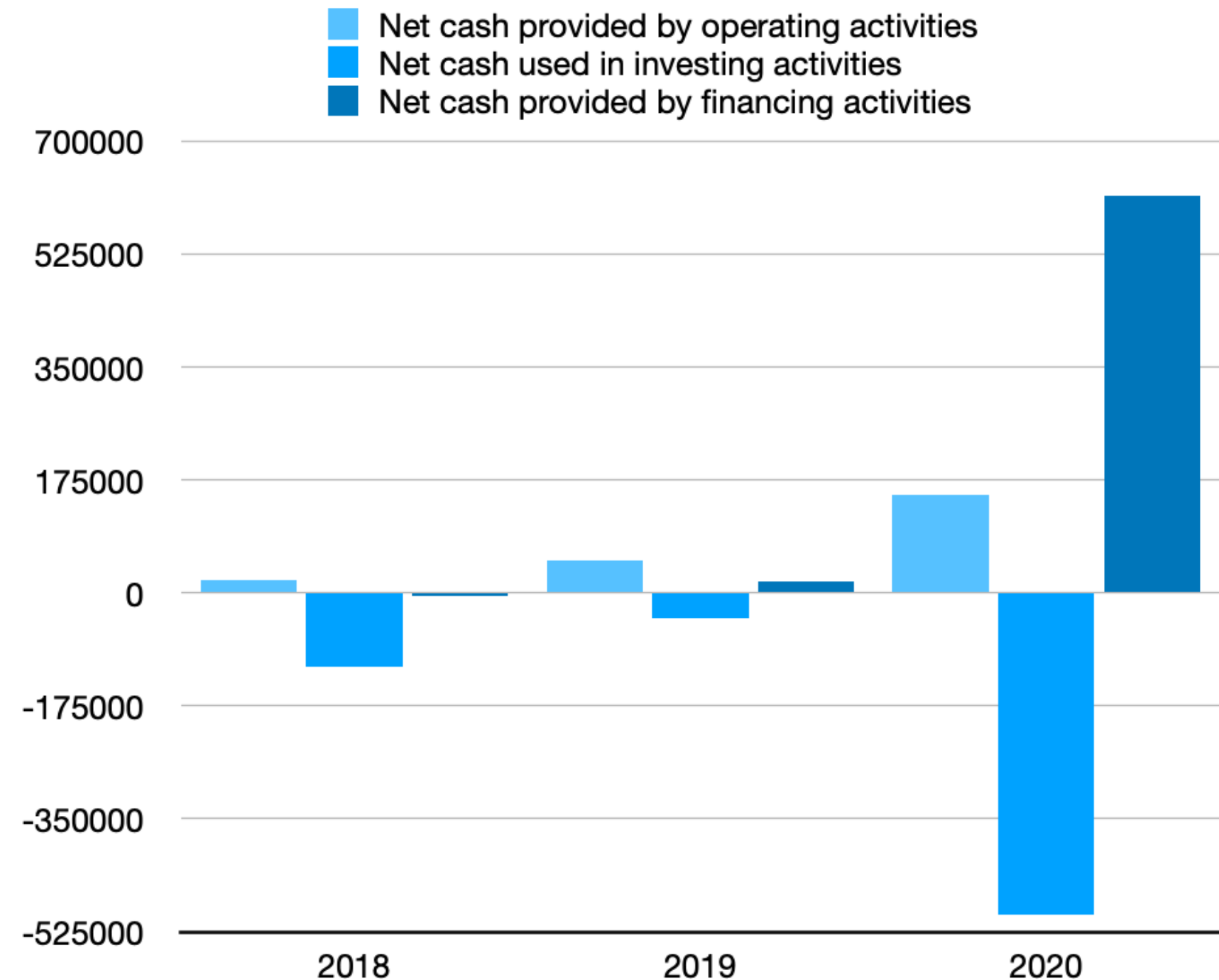


Virgin Galactic's net cash provided by **financing activities** changed **most significantly** has been on the **rise**, especially in **2019** with an **increase of 305.07%**. The **operating activities** of the company has always been in **negative** state and continues to **increase**, and the company has been **unable to make ends meet**. As for **investing activities**, they have been **negative** and have changed very **little** and accounted for very little.

ZOOM

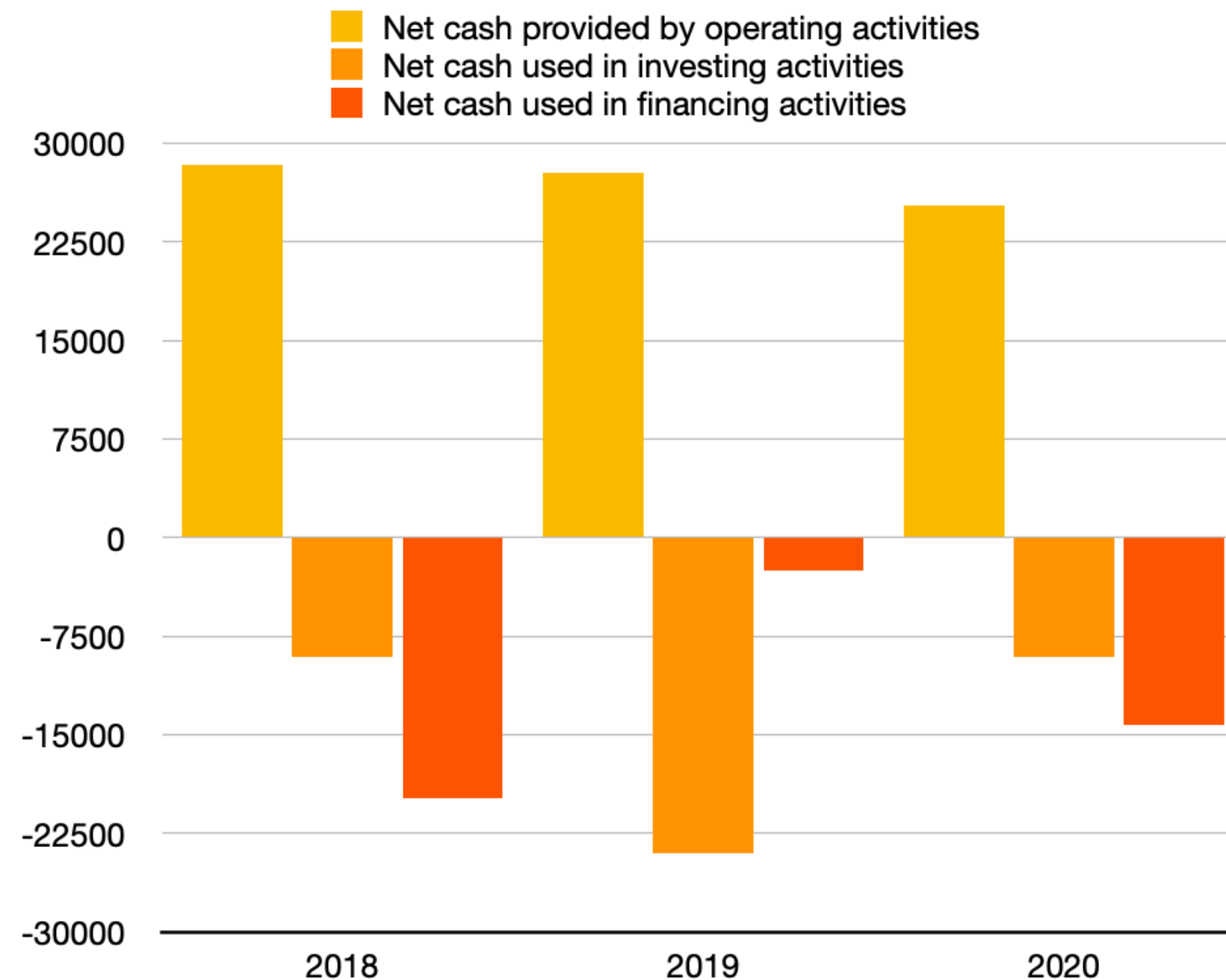
Cash Flow Analysis (in Thousands)

It's clear to see that ZOOM is very much affected by covid-19 in 2020 in contrast to before. The operating activities have been positive and continue to grow, with an increase of 195.90% in 2020. Investing activities, on the other hand, are negative and will increase significantly by 1157.50% in 2020. The most significant increase is in financing activities, which is 615,690 in 2020, up 3411.40% from 17,534 in 2019. Thus it can be seen that coronavirus offers great growth opportunities for the company.



Walmart

Cash Flow Analysis (in Millions)

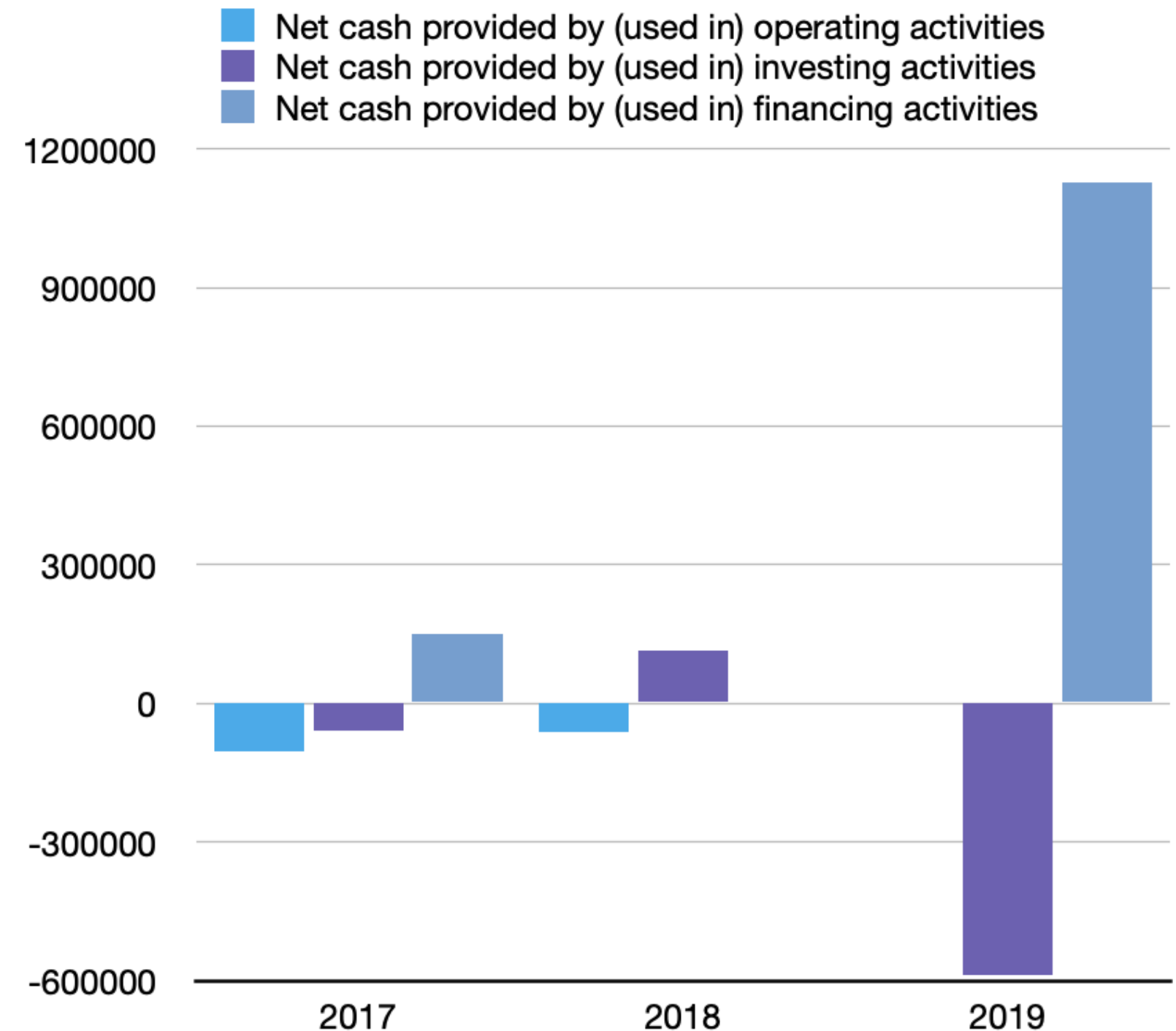


Walmart's cash flow is relatively **stable**. **operating activities** have been **positive** and **declining slightly** year after year. As for **investing activities**, they are **negative** and increase the most in 2019 and decline again in 2020. The **most significant change** is in **financing activities**, which will **decrease by 87.24%** in 2019 compared to 2018 and **increase by 463.62%** in 2020 compared to 2019. **Dividends paid** accounted for the **largest** share of the financing activities.

Pinterest

Cash Flow Analysis (in Thousands)

It can be seen that pinterest's **operating activities** have been **growing negatively** and **positively in 2020** which is 657, , while **investing activities** have been growing **negatively** by 614.19% in 2019 compared to 2018. While **financing activities** is the **most significant change**. 2018 **decreased** by 101.47% compared to 2017 and 2019 is 1,128,198 compared to 2018 (2216) had **increased** by 51011.46%. Of these, 2019 Proceeds from initial public offerings, net of underwriters' discounts and commissions was the **largest percentage** of financing activities and was not the same as the previous two years' One. This shows the company's **initial public offering in 2019**.



Financial Analysis Project Part IV

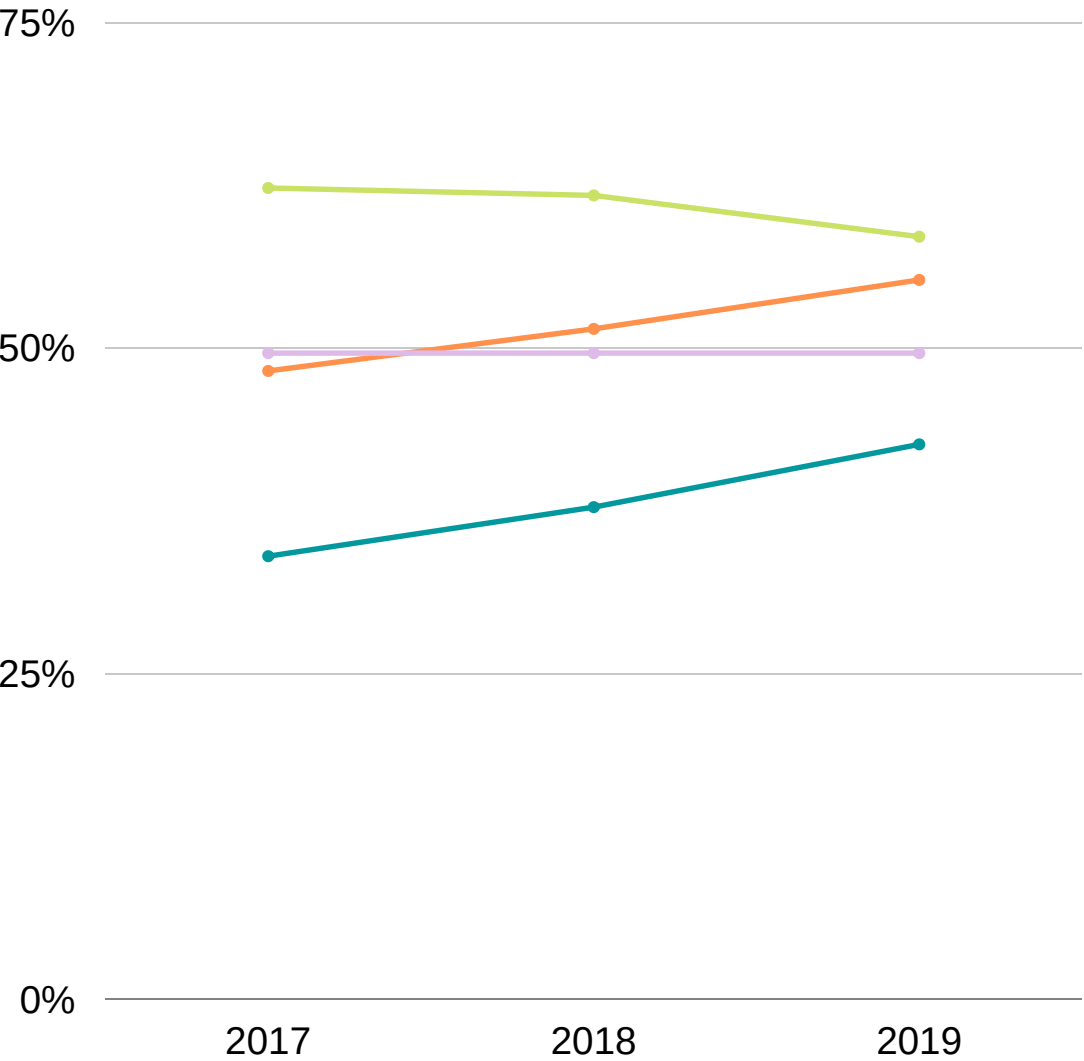


Mia Zhong & Tingting Shi
Professor Kobus

Industry: Semiconductor and Other Electronic Component Manufacturing

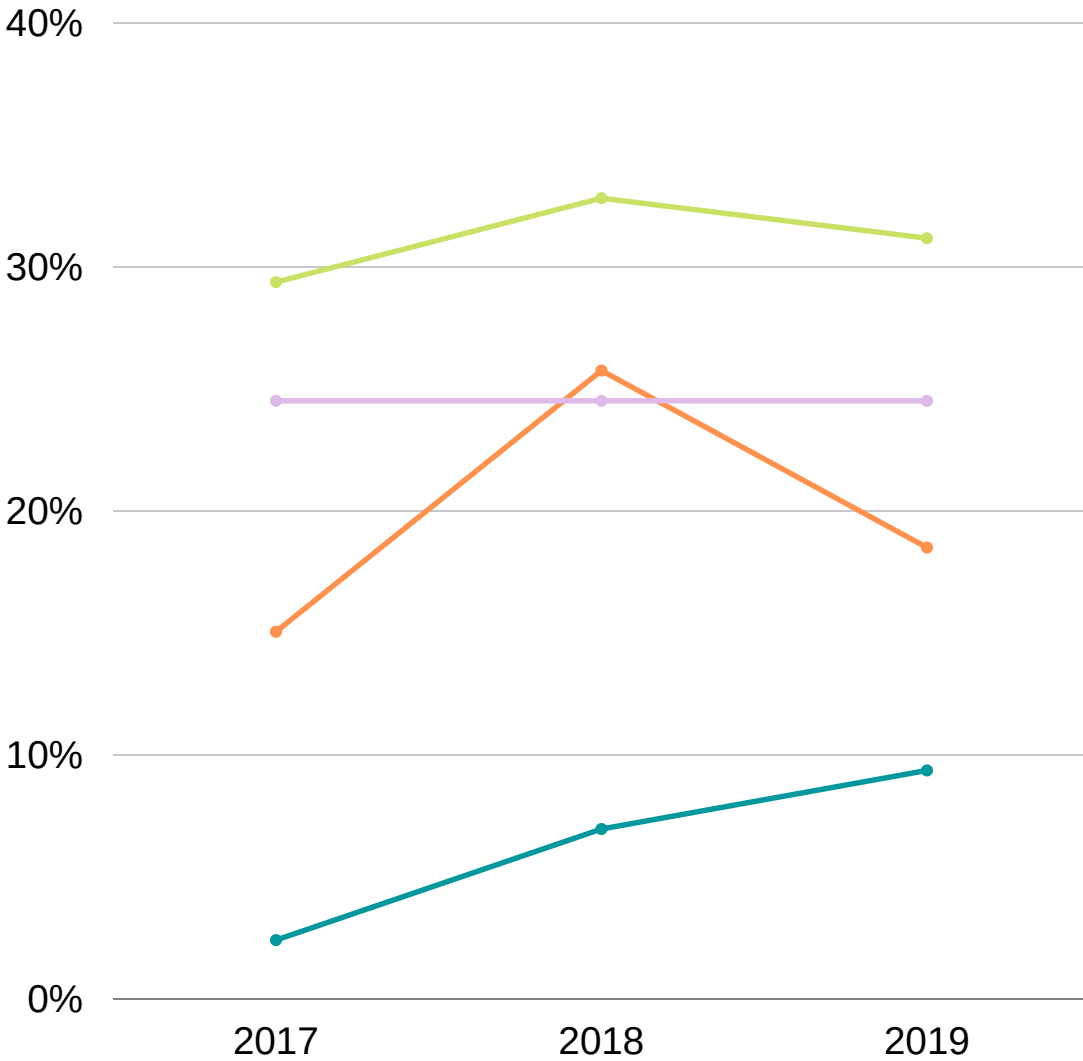
The **GPM, OPM and NPM** of Intel Corporation is beating the industry average,

Gross Profit Margin



Advanced Micro Devices Inc.

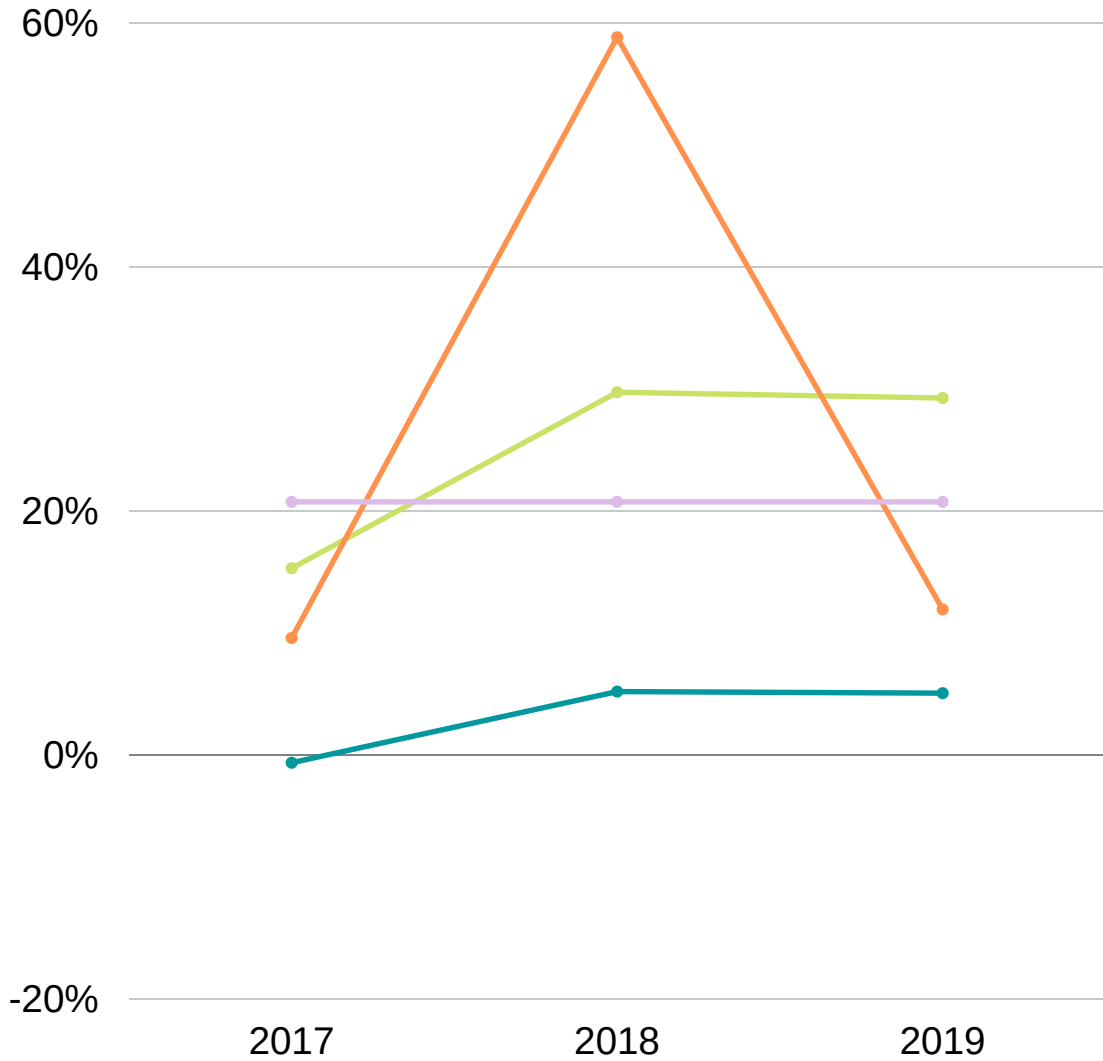
Operating Profit Margin



Intel Corporation

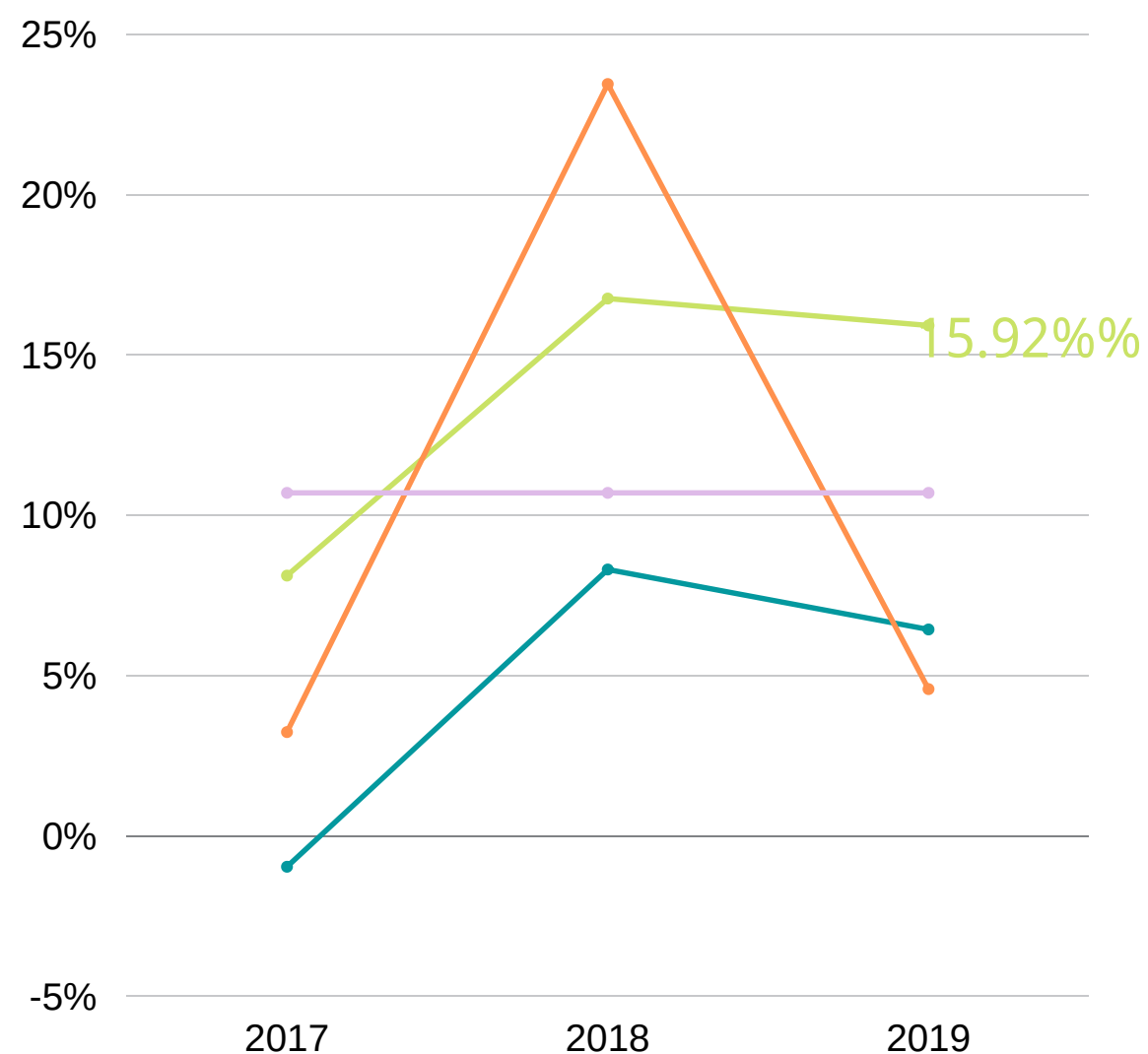
Broadcom Inc.

Net Profit Margin



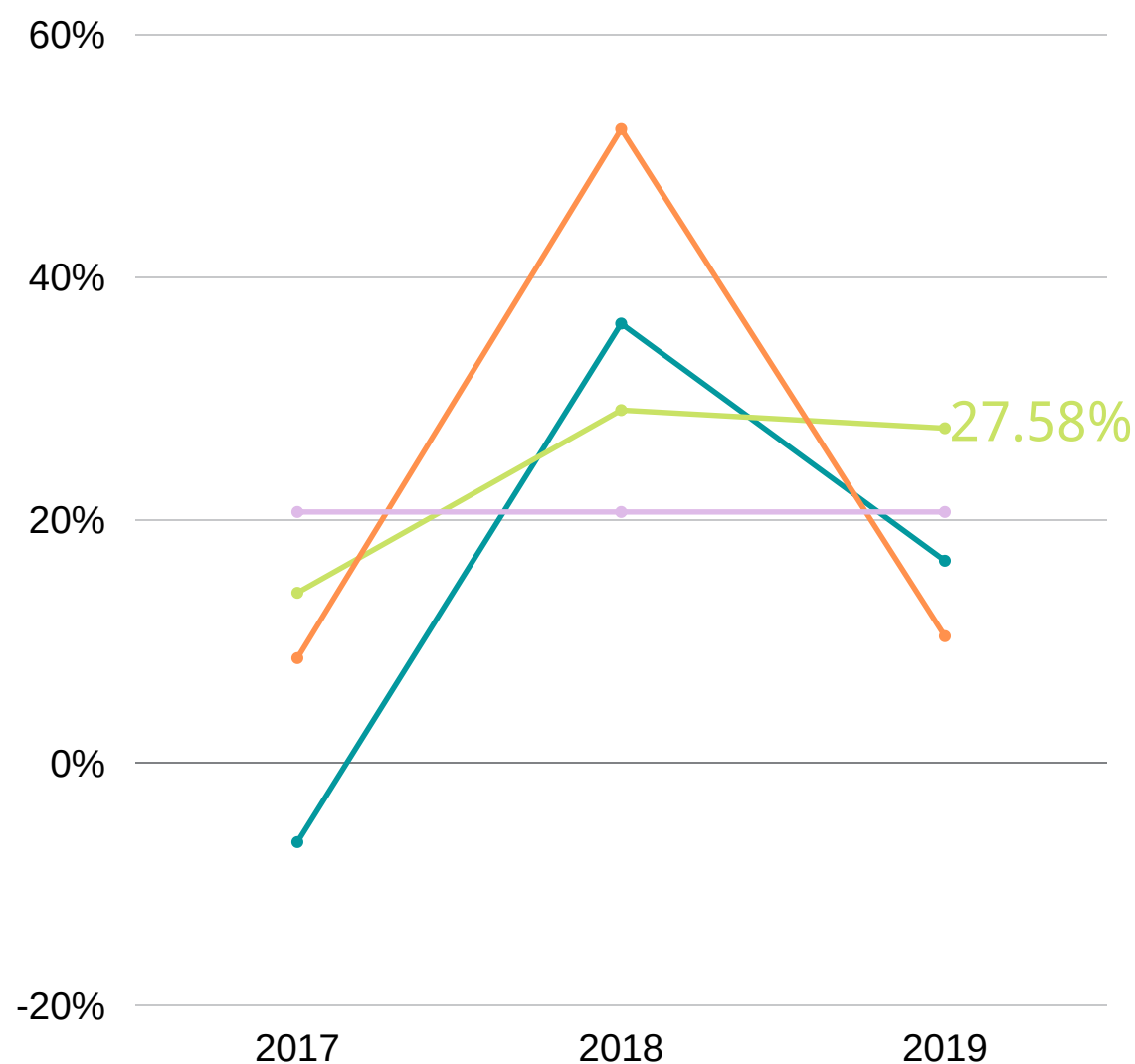
the industry average

Return on Assets



Advanced Micro Devices Inc.

Return on Equity



Intel Corporation

Broadcom Inc.

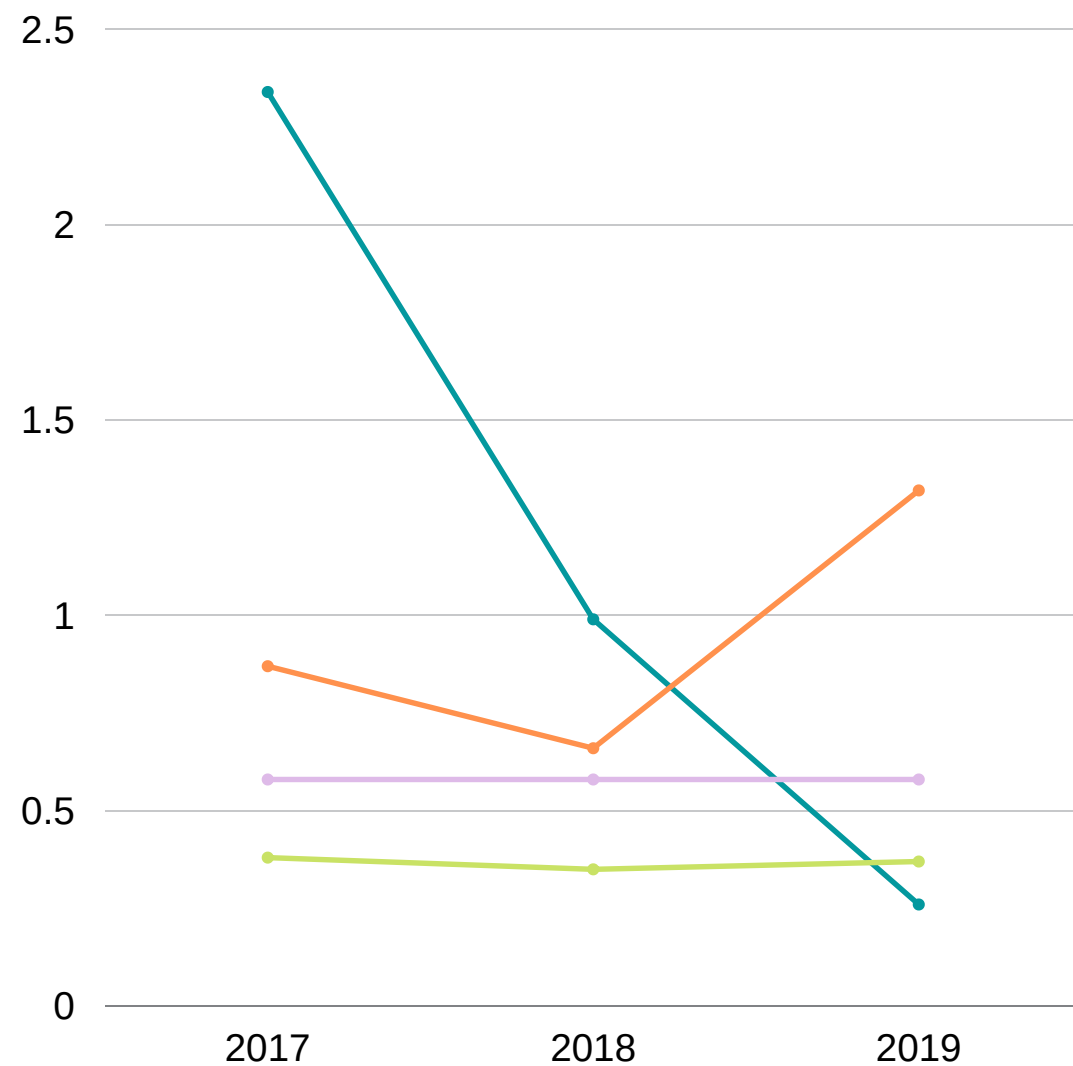
the industry average

ROA decrease 0.84%
from 2018 in 2019.

ROE decrease 1.49%
from 2018 in 2019.

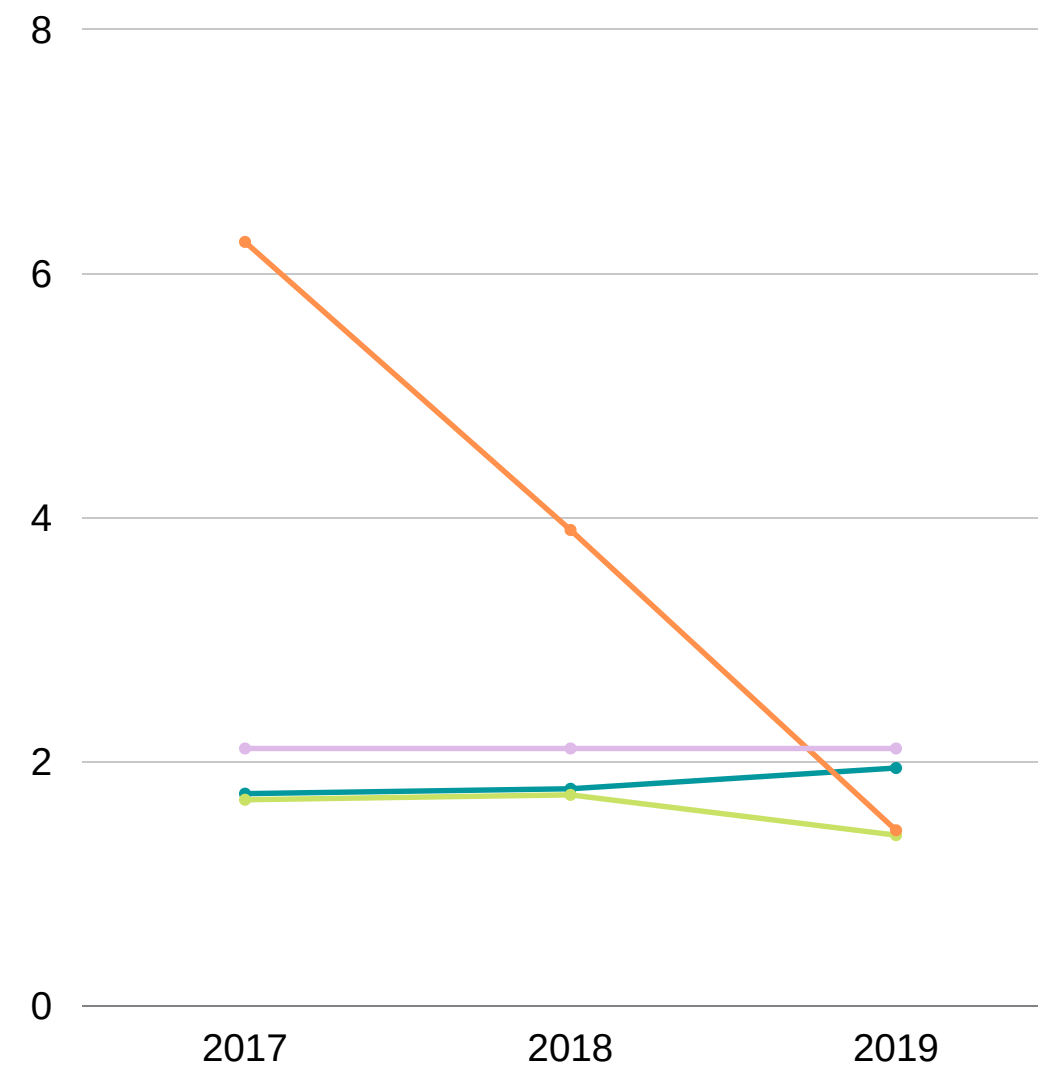
Intel Corporation mutch better at Leverage Ratios than Broadcom Inc.

Debt to Equity



Advanced Micro Devices Inc.

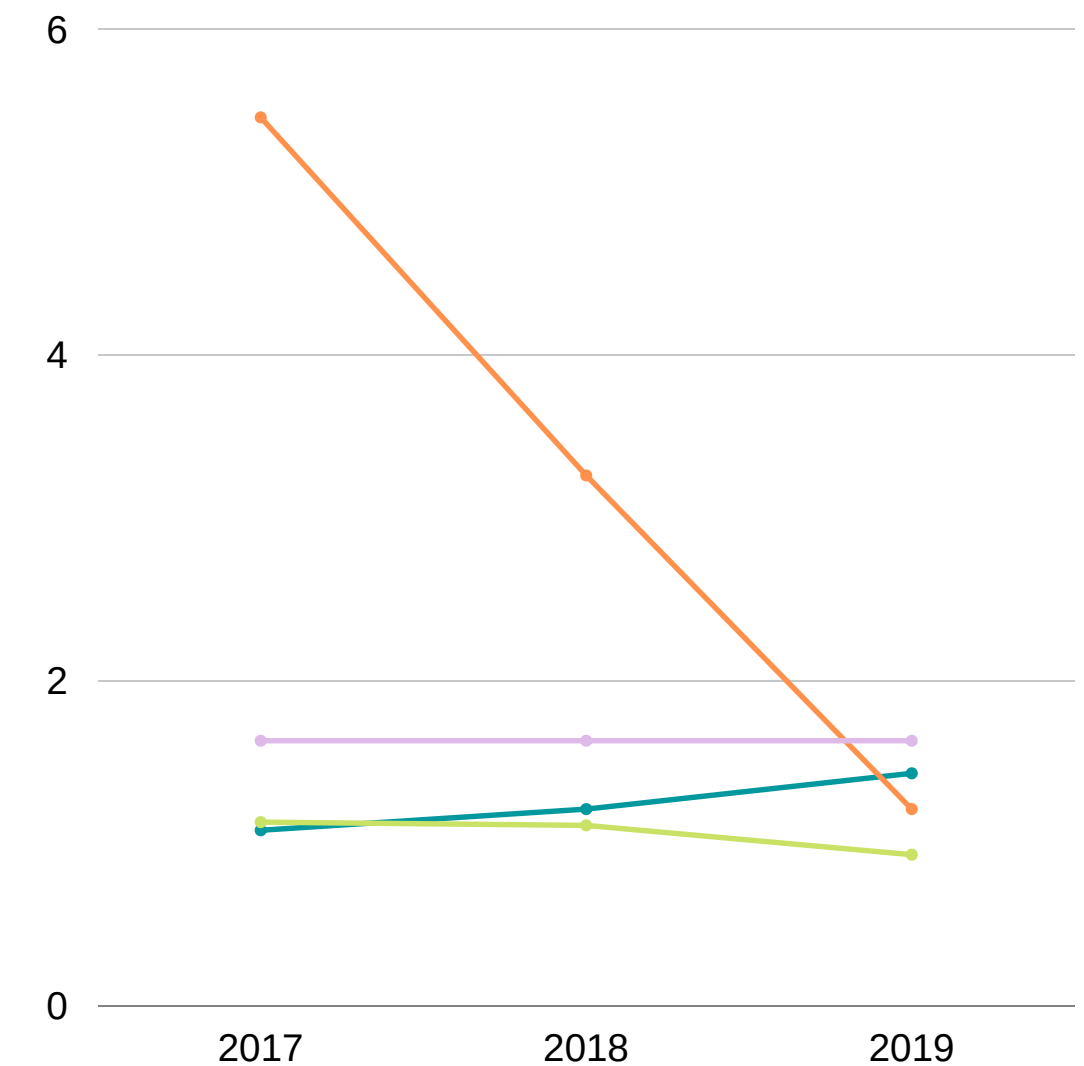
Current Ratio



Intel Corporation

Broadcom Inc.

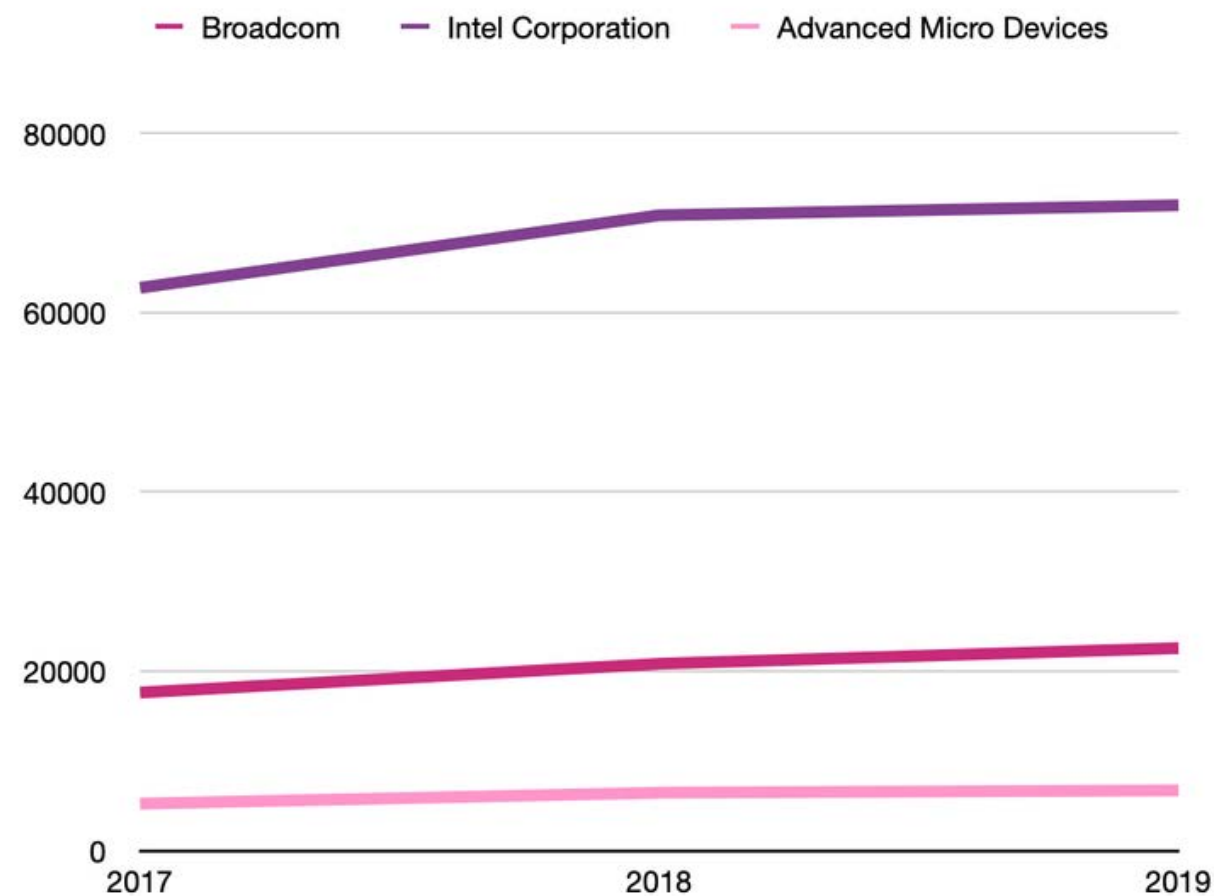
Quick Ratio



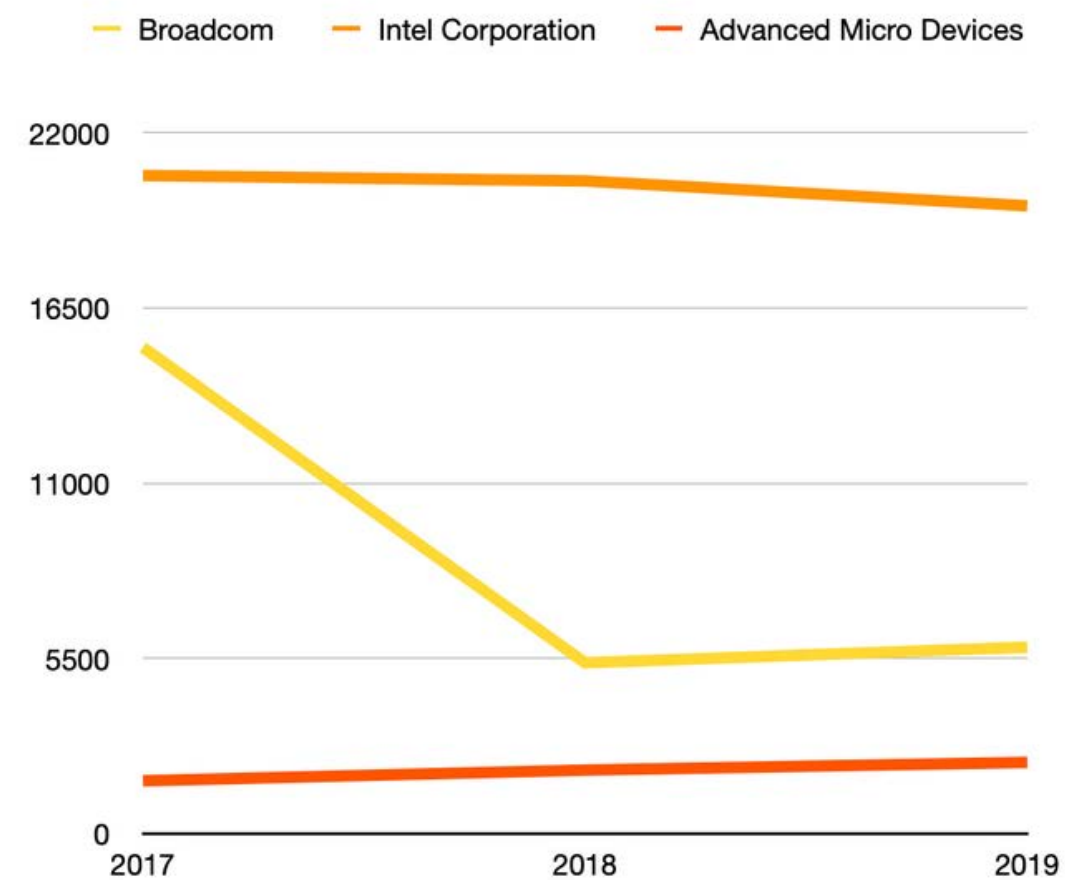
the industry average

Financial Analysis

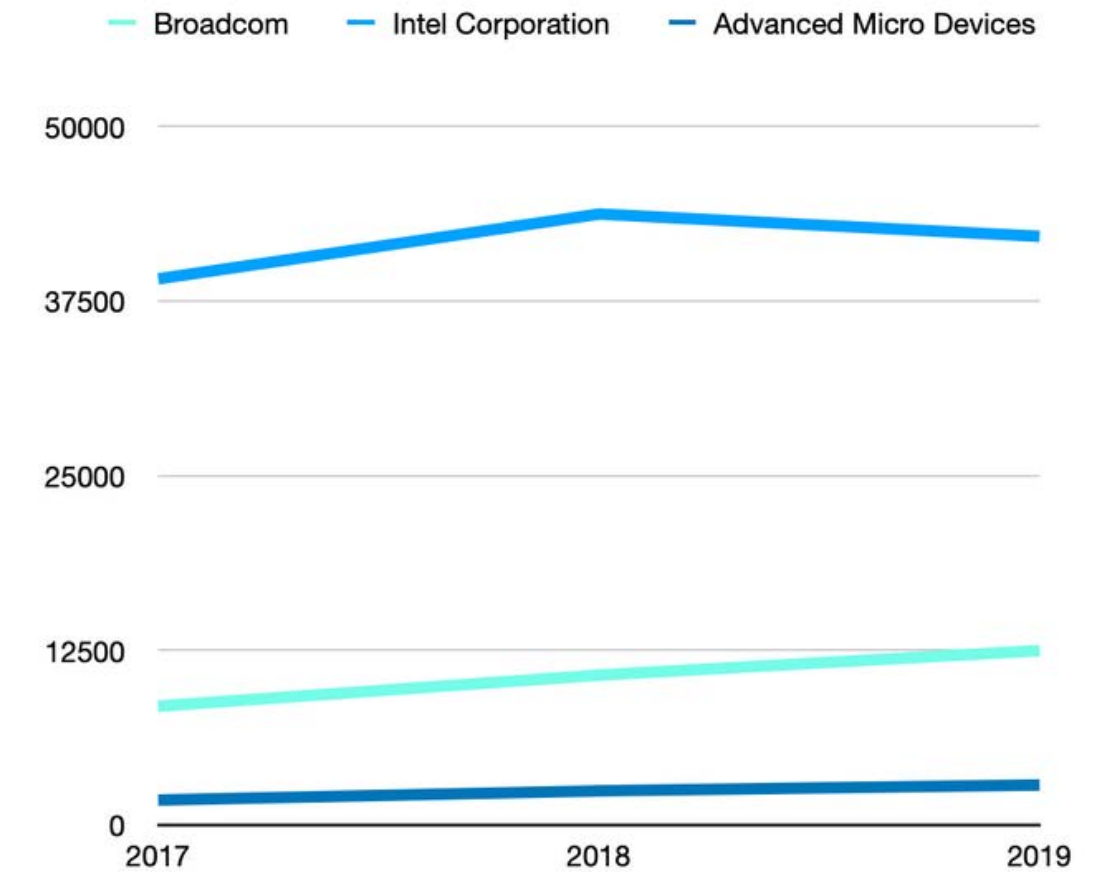
(In Millions)



Total Revenue



Total operating expense



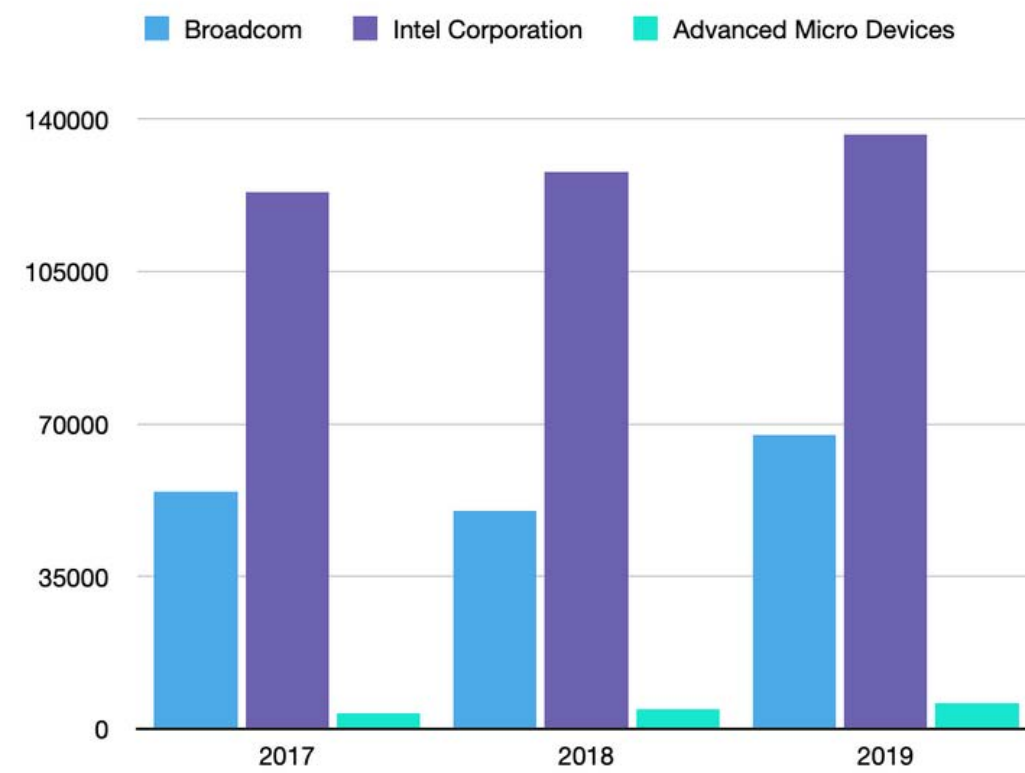
Gross Profit

It can be seen that **Intel corporation** is **far ahead** of the other two companies.

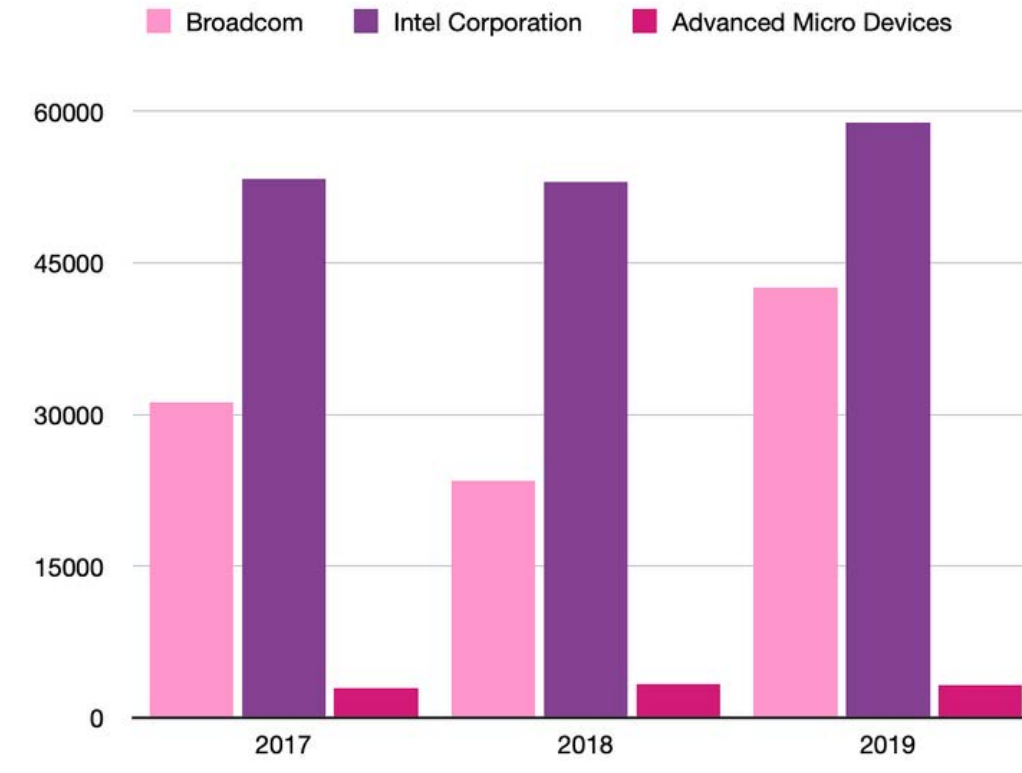
Advanced Micro Devices is operating a solid **slow growth** type of company, while **Broadcom** is **growing more** in comparison.

Financial Analysis

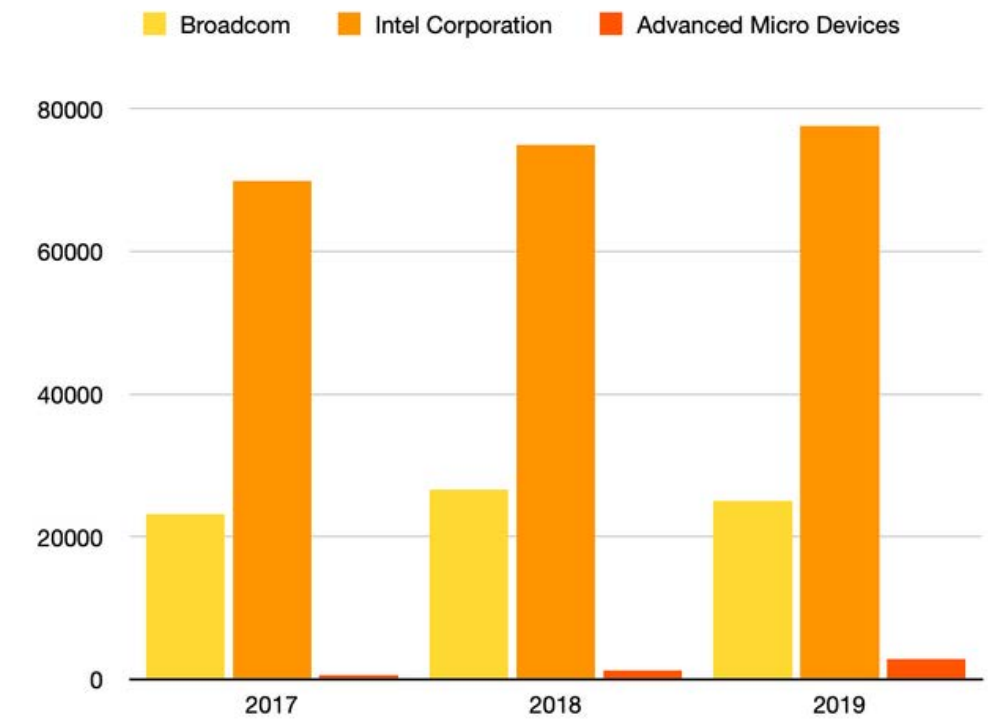
(In Millions)



Asset



Liability



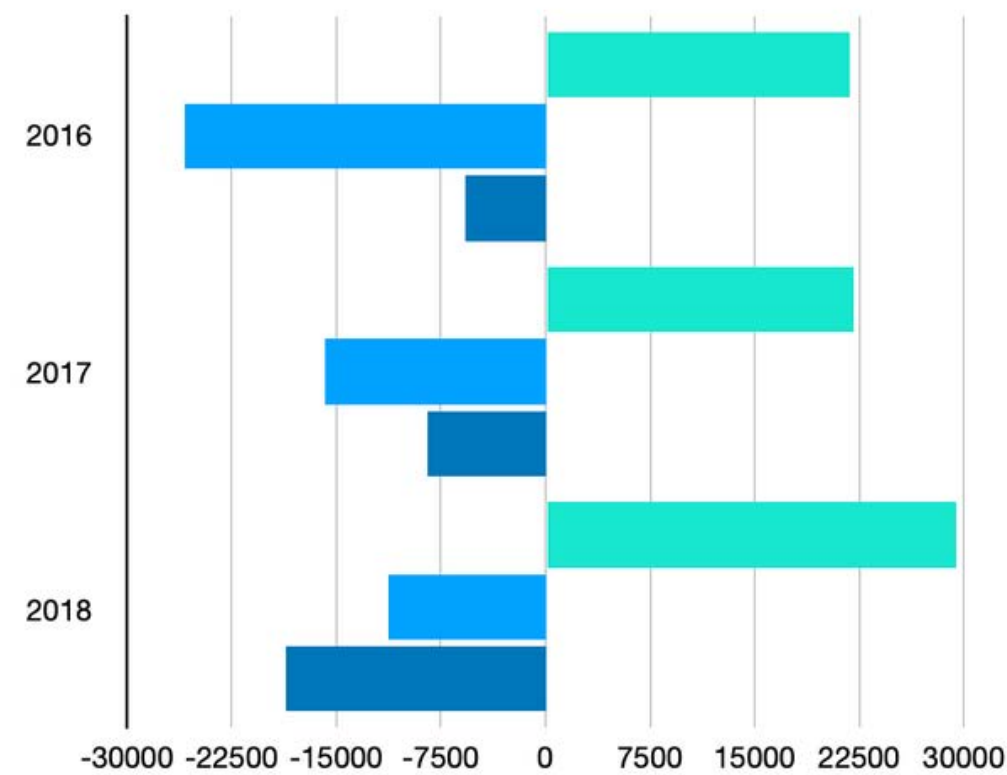
Equity

Intel corporation > Broadcom > Advanced Micro Devices

Financial Analysis

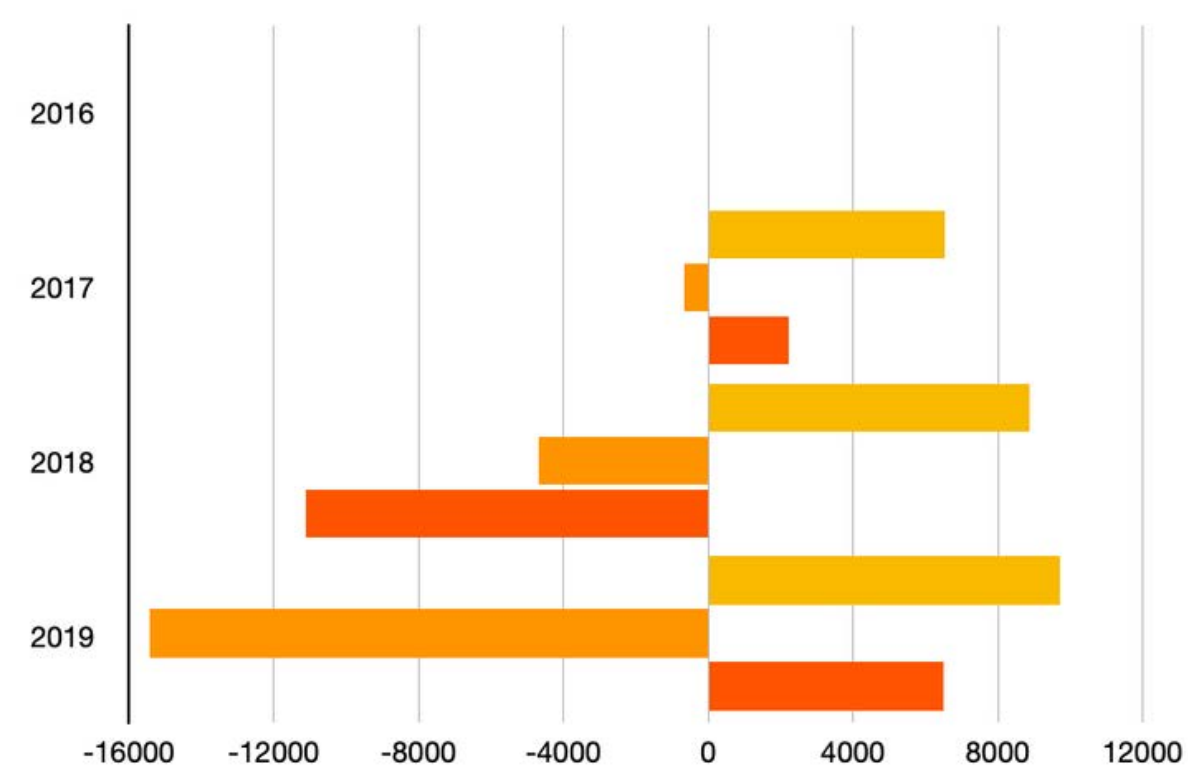
(In Millions)

Operating activities Investing activities Financing activities



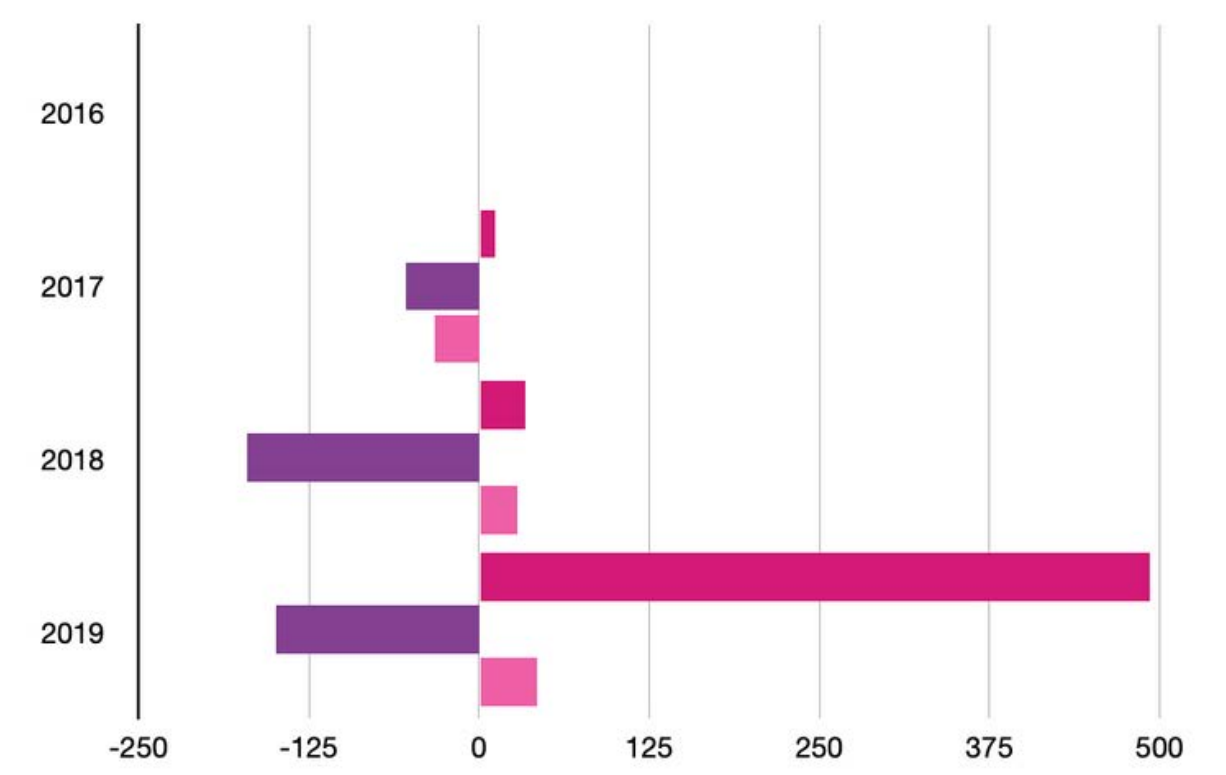
Intel Corporation

Operating activities Investing activities Financing activities



Broadcom

Operating activities Investing activities Financing activities



Advanced Micro Devices

Intel is keeping a **steady growth** these three years.
Broadcom is **spending a lot** on investing activities in 2018-2019.
AMD, is experiencing **huge growth** in operating activity in 2019.

Financial Analysis

(Intel Cash Flow, In Millions)

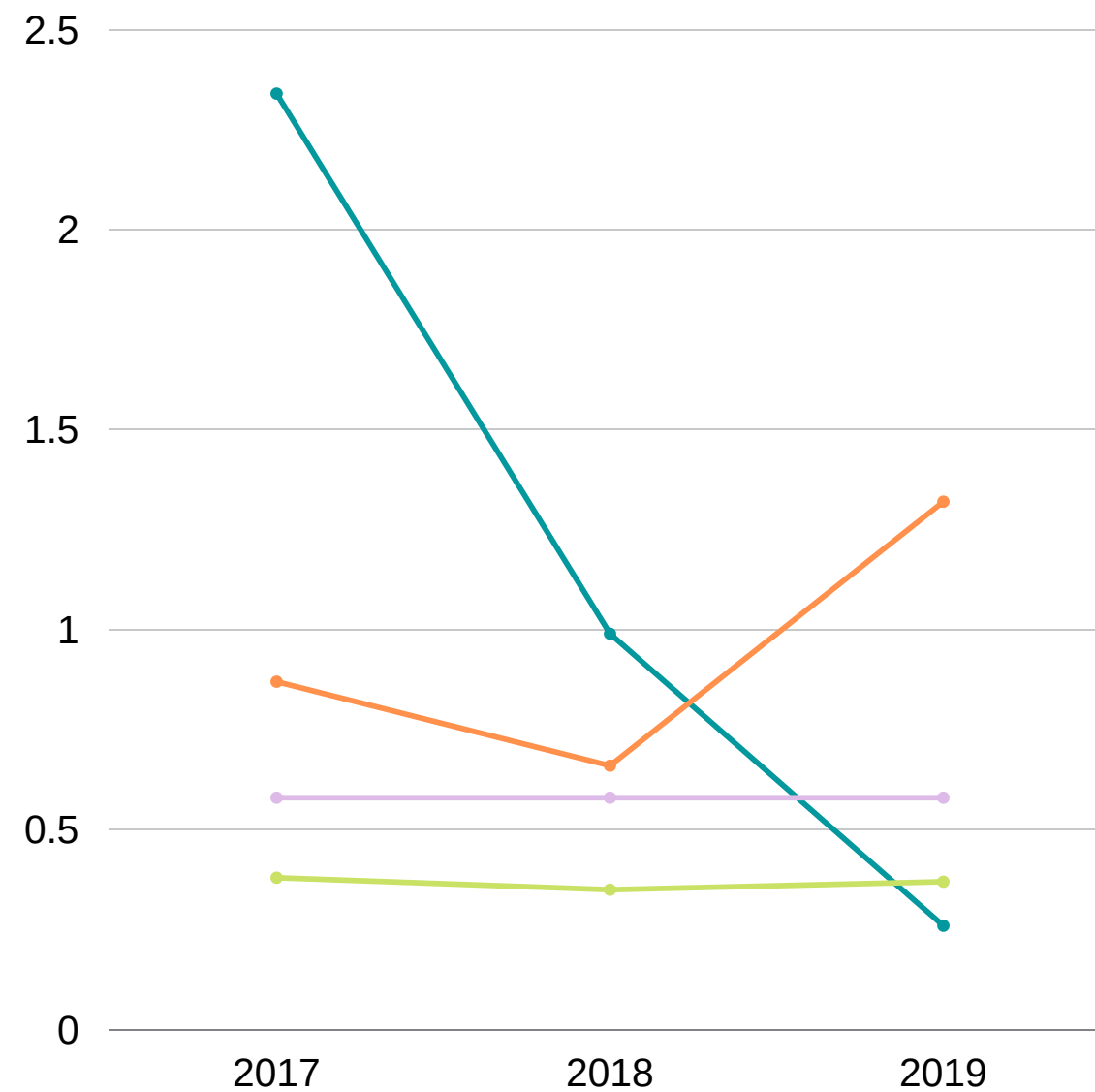


Payment of dividends to stockholders is **continuing to grow**

Company's is also buying back a lot of the company's stock, which means Intel wants to **increase the value of the company's stock** even more.

Strategic Recommendation: Leverage Ratios of Intel

Q1: what do you think about investing semiconductor and Other Electronic Component Manufacturing?

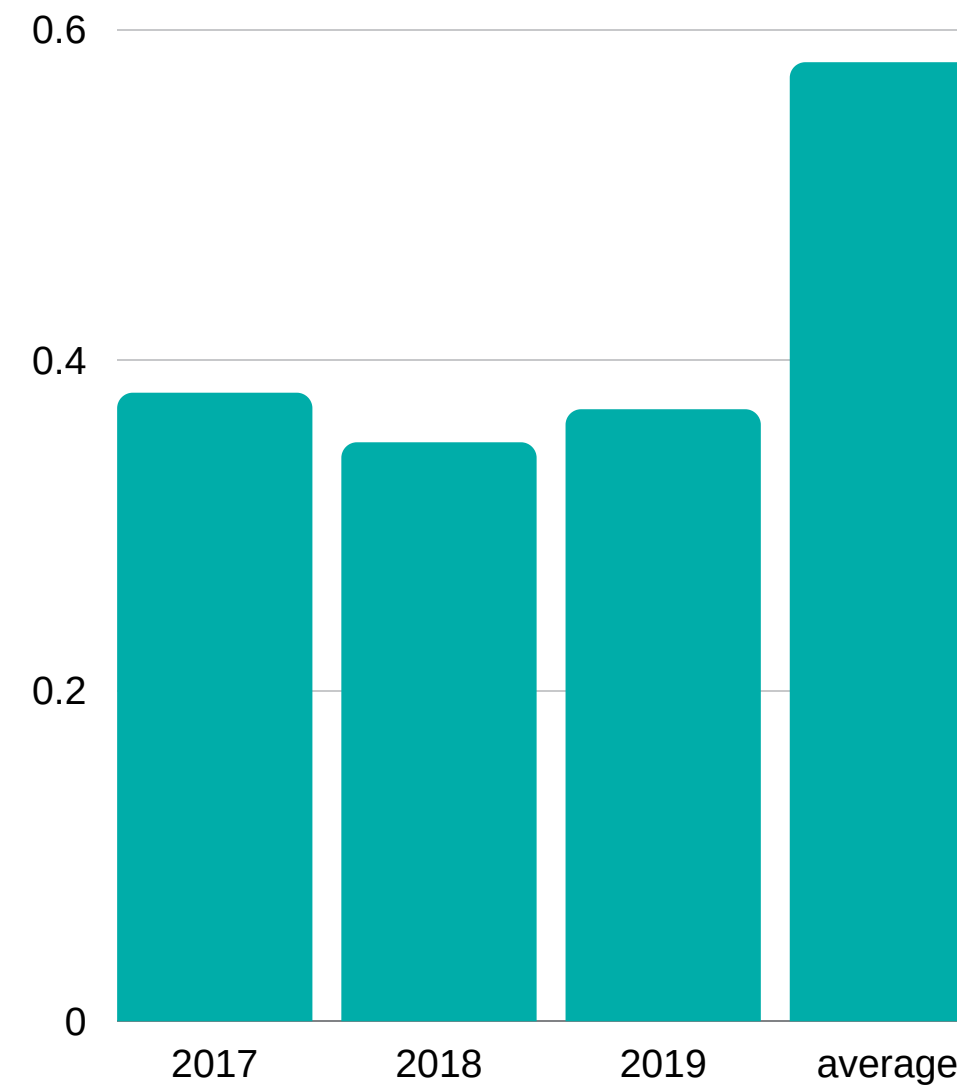


Advanced Micro Devices Inc.

Intel Corporation

Broadcom Inc.

the industry average



Debt to Equity

0.03 decrease
from 2017 in 2018

0.02 increase
from 2018 in 2019

Appendix

Broadcom

BROADCOM INC. CONSOLIDATED BALANCE SHEETS

	November 3, 2019	November 4, 2018
(In millions, except par value)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,055	\$ 4,292
Trade accounts receivable, net	3,259	3,325
Inventory	874	1,124
Other current assets	729	366
Total current assets	9,917	9,107
Long-term assets:		
Property, plant and equipment, net	2,565	2,635
Goodwill	36,714	26,913
Intangible assets, net	17,554	10,762
Other long-term assets	743	707
Total assets	\$ 67,493	\$ 50,124
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 855	\$ 811
Employee compensation and benefits	641	715
Current portion of long-term debt	2,787	—
Other current liabilities	2,616	812
Total current liabilities	6,899	2,338
Long-term liabilities:		
Long-term debt	30,011	17,493
Other long-term liabilities	5,613	3,636
Total liabilities	42,523	23,467
Commitments and contingencies (Note 13)		
Preferred stock dividend obligation	29	—
Stockholders' equity:		
Preferred stock, \$0.001 par value; 100 shares authorized; 8.00% Mandatory Convertible Preferred Stock, Series A, 4 and 0 shares issued and outstanding; aggregate liquidation value of \$3,738 and \$0 as of November 3, 2019 and November 4, 2018, respectively		
	—	—
Common stock, \$0.001 par value; 2,900 shares authorized; 398 and 408 shares issued and outstanding as of November 3, 2019 and November 4, 2018, respectively		
	—	—
Additional paid-in capital	25,081	23,285
Retained earnings	—	3,487
Accumulated other comprehensive loss	(140)	(115)
Total stockholders' equity	24,941	26,657
Total liabilities and equity	\$ 67,493	\$ 50,124

Advanced Micro Devices, Inc. Consolidated Statements of Operations

	Year Ended		
	December 28, 2019	December 29, 2018	December 30, 2017
(In millions, except per share amounts)			
Net revenue	\$ 6,731	\$ 6,475	\$ 5,253
Cost of sales	3,863	4,028	3,466
Gross profit	2,868	2,447	1,787
Research and development	1,547	1,434	1,196
Marketing, general and administrative	750	562	516
Licensing gain	(60)	—	(52)
Operating income	631	451	127
Interest expense	(94)	(121)	(126)
Other expense, net	(165)	—	(9)
Income (loss) before income taxes and equity loss	372	330	(8)
Provision for (benefit from) income taxes	31	(9)	18
Equity loss in investee	—	(2)	(7)
Net income (loss)	\$ 341	\$ 337	\$ (33)
Earnings (loss) per share			
Basic	\$ 0.31	\$ 0.34	\$ (0.03)
Diluted	\$ 0.30	\$ 0.32	\$ (0.03)
Shares used in per share calculation			
Basic	1,091	982	952
Diluted	1,120	1,064	952

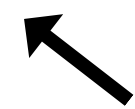
See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc. Consolidated Balance Sheets

	December 28, 2019	December 29, 2018
(In millions, except par value amounts)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,466	\$ 1,078
Marketable securities	37	78
Accounts receivable, net	1,859	1,235
Inventories, net	982	845
Prepayment and receivables—related parties	20	34
Prepaid expenses and other current assets	233	270
Total current assets	4,597	3,540
Property and equipment, net	500	348
Operating lease right-of-use assets	205	—
Goodwill	289	289
Investment: equity method	58	58
Other assets	379	321
Total assets	\$ 6,028	\$ 4,556
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt, net	\$ —	\$ 136
Accounts payable	988	834
Payables to related parties	213	207
Accrued liabilities	1,084	783
Other current liabilities	74	24
Total current liabilities	2,359	1,984
Long-term debt, net	486	1,114
Long-term operating lease liabilities	199	—
Other long-term liabilities	157	192
Commitments and contingencies (see Notes 17 and 18)		
Stockholders' equity:		
Capital stock:		
Common stock, par value \$0.01; 2,250 shares authorized, 1,175 shares issued and 1,170 shares outstanding as of December 28, 2019; 2,250 shares authorized, 1,010 shares issued and 1,005 shares outstanding as of December 29, 2018		
	12	10
Additional paid-in capital	9,963	8,750
Treasury stock, at cost (5 shares as of December 28, 2019 and December 29, 2018)	(53)	(50)
Accumulated deficit	(7,095)	(7,436)
Accumulated other comprehensive income (loss)	—	(8)
Total stockholders' equity	2,827	1,266
Total liabilities and stockholders' equity	\$ 6,028	\$ 4,556

See accompanying notes to consolidated financial statements.

Advanced Micro Devices



Broadcom

BROADCOM INC. CONSOLIDATED STATEMENTS OF OPERATIONS			
	Fiscal Year Ended		
	November 3, 2019	November 4, 2018	October 29, 2017
(In millions, except per share data)			
Net revenue:			
Products	\$ 18,117	\$ 19,754	\$ 17,033
Subscriptions and services	4,480	1,094	603
Total net revenue	22,597	20,848	17,636
Cost of revenue:			
Cost of products sold	6,208	6,924	6,549
Cost of subscriptions and services	515	97	44
Purchase accounting effect on inventory	—	70	4
Amortization of acquisition-related intangible assets	3,314	3,004	2,511
Restructuring charges	77	20	19
Total cost of revenue	10,114	10,115	9,127
Gross margin	12,483	10,733	8,509
Research and development	4,696	3,768	3,302
Selling, general and administrative	1,709	1,056	789
Amortization of acquisition-related intangible assets	1,898	541	1,764
Restructuring, impairment and disposal charges	736	219	161
Litigation settlements	—	14	122
Total operating expenses	9,039	5,598	6,138
Operating income	3,444	5,135	2,371
Interest expense	(1,444)	(628)	(454)
Impairment on investment	—	(106)	—
Loss on extinguishment of debt	—	—	(166)
Other income, net	226	144	74
Income from continuing operations before income taxes	2,226	4,545	1,825
Provision for (benefit from) income taxes	(510)	(8,084)	35
Income from continuing operations	2,736	12,629	1,790
Loss from discontinued operations, net of income taxes	(12)	(19)	(6)
Net income	2,724	12,610	1,784
Dividends on preferred stock	29	—	—
Net income attributable to noncontrolling interest	—	351	92
Net income attributable to common stock	\$ 2,695	\$ 12,259	\$ 1,692
Basic income per share attributable to common stock:			
Income per share from continuing operations	\$ 6.80	\$ 29.37	\$ 4.19
Loss per share from discontinued operations	(0.03)	(0.04)	(0.01)
Net income per share	\$ 6.77	\$ 29.33	\$ 4.18
Diluted income per share attributable to common stock:			
Income per share from continuing operations	\$ 6.46	\$ 28.48	\$ 4.03
Loss per share from discontinued operations	(0.03)	(0.04)	(0.01)
Net income per share	\$ 6.43	\$ 28.44	\$ 4.02
Weighted-average shares used in per share calculations:			
Basic	398	418	405
Diluted	419	431	421

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

Years Ended (In Millions, Except Per Share Amounts)	Dec 29, 2018	Dec 30, 2017	Dec 31, 2016
Net revenue	\$ 70,848	\$ 62,761	\$ 59,387
Cost of sales	27,111	23,663	23,154
Gross margin	43,737	39,098	36,233
Research and development	13,543	13,035	12,685
Marketing, general and administrative	6,750	7,452	8,377
Restructuring and other charges	(72)	384	1,744
Amortization of acquisition-related intangibles	200	177	294
Operating expenses	20,421	21,048	23,100
Operating income	23,316	18,050	13,133
Gains (losses) on equity investments, net	(125)	2,651	506
Interest and other, net	126	(349)	(703)
Income before taxes	23,317	20,352	12,936
Provision for taxes	2,264	10,751	2,620
Net income	\$ 21,053	\$ 9,601	\$ 10,316
Earnings per share - Basic	\$ 4.57	\$ 2.04	\$ 2.18
Earnings per share - Diluted	\$ 4.48	\$ 1.99	\$ 2.12
Weighted average shares of common stock outstanding:			
Basic	4,611	4,701	4,730
Diluted	4,701	4,835	4,875

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS			
Years Ended (In Millions)	Dec 29, 2018	Dec 30, 2017	Dec 31, 2016
Cash and cash equivalents, beginning of period	\$ 3,433	\$ 5,560	\$ 15,308
Cash flows provided by (used for) operating activities:			
Net income	21,053	9,601	10,316
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,520	6,752	6,266
Share-based compensation	1,546	1,358	1,444
Amortization of intangibles	1,565	1,377	1,524
(Gains) losses on equity investments, net	155	(2,583)	(432)
Loss on debt conversion and extinguishment	260	476	—
(Gains) losses on divestitures	(497)	(387)	—
Deferred taxes	(1,749)	1,548	257
Changes in assets and liabilities:			
Accounts receivable	(1,714)	(781)	65
Inventories	(214)	(1,300)	119
Accounts payable	211	191	182
Accrued compensation and benefits	(260)	311	291
Customer deposits and prepaid supply agreements	1,367	1,105	—
Income taxes payable and receivable	148	5,230	1,382
Other assets and liabilities	41	(788)	394
Total adjustments	8,379	12,509	11,492
Net cash provided by operating activities	29,432	22,110	21,808
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(15,181)	(11,778)	(9,625)
Acquisitions, net of cash acquired	(190)	(14,499)	(15,470)
Purchases of available-for-sale debt investments	(3,843)	(2,746)	(9,269)
Sales of available-for-sale debt investments	195	1,833	2,847
Maturities of available-for-sale debt investments	2,966	3,687	5,654
Purchases of trading assets	(9,503)	(13,700)	(12,237)
Maturities and sales of trading assets	12,111	13,970	10,898
Purchases of equity investments	(874)	(1,619)	(963)
Sales of equity investments	2,802	5,236	1,080
Proceeds from divestitures	548	3,124	—
Other investing	(272)	730	1,268
Net cash used for investing activities	(11,238)	(15,762)	(25,817)
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	460	12	(15)
Issuance of long-term debt, net of issuance costs	423	7,716	2,734
Repayment of debt and debt conversion	(3,026)	(8,080)	(1,500)
Proceeds from sales of common stock through employee equity incentive plans	555	770	1,108
Repurchase of common stock	(10,730)	(3,615)	(2,587)
Payment of dividends to stockholders	(5,541)	(5,072)	(4,905)
Other financing	(748)	(206)	(554)
Net cash provided by (used for) financing activities	(18,607)	(8,475)	(5,739)
Net increase (decrease) in cash and cash equivalents	(414)	(2,127)	(9,748)
Cash and cash equivalents, end of period	\$ 3,019	\$ 3,433	\$ 5,560
Supplemental disclosures:			
Acquisition of property, plant and equipment included in accounts payable and accrued liabilities	\$ 2,340	\$ 1,417	\$ 979
Non-marketable equity investment in McAfee from divestiture	\$ —	\$ 1,078	\$ —
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 448	\$ 624	\$ 682
Income taxes, net of refunds	\$ 3,813	\$ 3,824	\$ 877
See accompanying notes.			

CONSOLIDATED BALANCE SHEETS

(In Millions, Except Per Value)	Dec 29, 2018	Dec 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,019	\$ 3,433
Short-term investments	2,788	1,814
Trading assets	5,843	8,755
Accounts receivable, net of allowance for doubtful accounts of \$33 (\$25 in 2017)	6,722	5,607
Inventories	7,253	6,943
Other current assets	3,162	2,908
Total current assets	28,787	29,500
Property, plant and equipment, net	48,976	41,109
Equity investments	6,042	8,579
Other long-term investments	3,388	3,712
Goodwill	24,513	24,389
Identified intangible assets, net	11,836	12,745
Other long-term assets	4,421	3,215
Total assets	\$ 127,963	\$ 123,249
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 1,261	\$ 1,776
Accounts payable	3,824	2,928
Accrued compensation and benefits	3,622	3,526
Deferred income	—	1,656
Other accrued liabilities	7,919	7,535
Total current liabilities	16,626	17,421
Debt	25,098	25,037
Contract liabilities	2,949	—
Income taxes payable, non-current	4,897	4,969
Deferred income taxes	1,665	3,946
Other long-term liabilities	2,646	3,791
Commitments and Contingencies (Note 21)	—	—
Temporary equity	419	866
Stockholders' equity:		
Preferred stock, \$0.001 per value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 per value, 10,000 shares authorized; 4,516 shares issued and outstanding (4,687 issued and outstanding in 2017) and capital in excess of par value	25,365	26,074
Accumulated other comprehensive income (loss)	(974)	962
Retained earnings	50,172	42,083
Total stockholders' equity	74,563	69,919
Total liabilities, temporary equity, and stockholders' equity	\$ 127,963	\$ 123,249
See accompanying notes.		

Intel Corporation



Thank you

Have a great
day ahead.