

**Financial Performance Analysis of Edison Logistics**  
**By**  
**Md Tasfiqul Islam**



This Report is submitted to United International University's School of Business & Economics as Part of the Bachelor of Business Administration Degree Requirements.



**Internship Report**  
**On**

**Financial Performance Analysis of Edison Logistics**

**Submitted To:**

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Date of Submission: December 24, 2024

## Letter of Transmittal

December 24, 2024

Muhammad Enamul Haque  
Assistant Professor  
School of Business & Economics  
United International University

**Subject:** Submission of Internship Report

Dear Sir,

It is with great honor and respect that I present my internship report as part of my course INT 4399. I have made every effort to follow your guidance while preparing this report and have worked with sincerity and dedication to make it as informative and valuable as possible.

The process of creating this report was both challenging and rewarding, as it gave me a chance to deepen my understanding of financial practices and gain practical knowledge. This course has been an exceptional learning experience, and I believe it will greatly benefit me in my future endeavors.

Thank you for giving me this invaluable opportunity, and I hope this report meets your expectations.

Sincerely Yours,

---

Md Tasfiqul Islam

ID-111 193 096

**Declaration of the Student**

I, Md. Tasfiqul Islam (ID: 111 193 096), a Bachelor of Business Administration student majoring in Finance at United International University, hereby declare that I successfully completed a three-month internship at Edison Logistics. The internship took place from October 1 to December 2, during which I had the opportunity to work in Corporate Communications and contribute to the Logistics Department.

I am sincerely grateful to the entire team at Edison Logistics for providing me with such a valuable and enriching learning experience. I confirm that the information shared in this declaration is accurate and truthful to the best of my knowledge, incorporating both primary and secondary data.

Sincerely



Md Tasfiqul Islam

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## Acknowledgement

I am deeply grateful to Allah for giving me the strength and ability to complete and submit my internship report.

I would also like to express my heartfelt thanks to Muhammad Enamul Haque, Assistant Professor at the School of Business & Economics, United International University. His valuable guidance, support, and encouragement throughout my academic journey and the report preparation process were truly invaluable. I am honored to have completed my report under his supervision.

I am also thankful to my seniors, the head of the department, and my co-workers in the Logistics Department for their constant support and kindness. They acted as mentors, guiding me throughout my internship. I was happy to assist whenever needed and felt proud to be an intern in the Logistics Department. The knowledge and experience I gained during this time will undoubtedly play an important role as I begin my corporate career.

I hope this report will meet the standard and expectation of my supervisor, my instructor and he will appreciate me for my effort and the quality of report.

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## Executive Summary

This study was conducted under the title Financial Performance Analysis of Edison Logistics. This report analyses the financial performance analysis practices and my experience as an intern with Edison Logistics, which is a prominent logistics company known for providing a comprehensive range of services to help businesses efficiently manage their supply chains. With a focus on reliability and cost-effectiveness, the company has built a strong reputation in a competitive industry where efficiency and customer service are key.

The analysis focuses on critical financial metrics, such as liquidity, leverage, profitability, and activity ratios, to assess the company's efficiency and stability. Edison Logistics has shown resilience in managing receivables and leveraging its assets, it must enhance liquidity and profitability metrics to sustain long-term growth and stability. The report offers recommendations for optimizing & improving cash flow and reducing dependency on debt financing. The report highlights important points about Edison Logistics' financial health and its future growth potential. The company has faced ups and downs in its ability to handle short-term financial needs, as seen in its current, quick, and cash ratios. The cash ratio, which stayed below 1, shows the company depends on resources other than cash to cover immediate expenses. Edison Logistics has also relied heavily on debt to finance its operations, with debt-to-equity ratios between 1.89 and 2.93. While this has helped boost returns, it also brings higher financial risks. On a positive note, the company has been efficient in using its assets and managing customer payments, as reflected in its steady receivable and asset turnover ratios. However, profitability has been a challenge, with the net profit margin dropping from 6.63% in 2021 to 4.81% in 2023. This decline, along with lower returns on assets and equity, suggests the company could improve how it uses its resources to generate profits. Edison Logistics has shown resilience in navigating a competitive logistics landscape but faces



Challenges in liquidity management and profitability. Addressing these areas will be critical to sustaining growth and maintaining its position as a key player in the logistics industry. The findings of this report provide actionable insights to guide the company's strategic decision-making and financial planning efforts.

# **Chapter 01: Introduction**

### **1.1. Background of the Report:**

Financial performance analysis of a company involves evaluating its financial health by examining key metrics such as profitability, liquidity, efficiency, and solvency. Financial performance analysis is a method used to understand a company's overall financial health over a specific period. It typically involves reviewing financial statements to evaluate key performance indicators. This analysis helps compare a company's performance with others in the same industry. The process covers important aspects like financial stability, profitability, liquidity, and the company's ability to manage debt. It also looks at areas such as business productivity, profit generation, cash flow management, asset efficiency, and social contributions. Financial ratios, like those used for working capital, financial structure, activity, and profitability, help measure these areas.

This report, titled Financial Performance Analysis of Edison Logistics provides valuable insights into how well the company has utilized its resources, managed its finances, and maintained profitability while navigating the challenges of the competitive logistics industry. By examining key financial metrics such as profitability, liquidity, and efficiency, this study aims to assess the company's ability to meet its financial obligations, generate returns for stakeholders, and sustain growth. Understanding the financial performance of Edison Logistics not only highlights its strengths and areas for improvement but also offers guidance for strategic planning and decision-making to secure its position as a leading player in the logistics sector.

### **1.2 Origin of the Study:**

As part of the BBA program at United International University, completing an internship is mandatory. I completed my internship at Edison Logistics and conducted research on Financial Performance Analysis of Edison Logistics. I selected this topic after discussing it with my academic supervisor, Muhammad Enamul Haque, to meet the program's requirements.

### **1.3 Objective of the Study:**

The objectives of preparing this report are to provide a clear picture of Edison Logistics financial health, analyze its financial performance, identify any issues related to its financial position, and offer recommendations to address those challenges. This report aims to give a comprehensive understanding of how well Edison Logistics is managing its resources, its strengths and weaknesses, and what steps could be taken to improve its financial stability and Performance moving forward.

## **1.4 Methodology of the Study:**

After selecting the topic for my report, I engaged in discussions with the accounts payable team, corporate finance team, and business planning team to gain comprehensive insights into Edison Logistics financial performance. Additionally, the company's annual report served as a valuable secondary source for my analysis. This research paper presents an in-depth analysis of five years' worth of financial data from Edison Logistics.

### **1.4.1 Data Sources:**

It is a quantitative report. Data collection was made from both primary and secondary sources. Primary data were directly sourced from Edison Logistics through one-on-one discussions with the finance team that included the finance manager and other departmental personnel. The secondary data was mainly derived from the annual reports of Edison Logistics and previous research work done on working capital management practices.

### **1.4.2 Data Analysis:**

This report is based on numbers, so the data has been neatly placed into tables for better understanding. It has been reviewed and explained using financial ratios and statistical methods. Almost all the calculations were done using Microsoft Excel.

## **1.5. Limitations of the study**

Preparing this report came with a few challenges that affected its overall effectiveness. These challenges include:

- Maintaining data confidentiality made it harder to access all the needed information.
- The three-month internship period was too short to gain deep, hands-on experience, especially given the current global circumstances. Despite these obstacles, I've given my best effort to make a meaningful contribution.

## **Chapter 02: Overview of Company**

## **2.1 Introduction**

Edison Logistics is a prominent player in the logistics and supply chain industry, offering a wide range of services designed to meet the evolving needs of businesses. Established with a vision to streamline the movement of goods and enhance operational efficiency, the company has built a reputation for reliability and innovation. Edison Logistics focuses on providing tailored solutions that address complex logistical challenges, enabling businesses to optimize their supply chains and maintain a competitive edge. Operating in a fast-paced and competitive industry, the company emphasizes customer satisfaction, cost-effectiveness, and the integration of modern technology to deliver seamless logistics services. With a commitment to excellence, Edison Logistics continues to play a vital role in connecting businesses and driving economic growth.

## **2.2 Organizational Background**

Edison Logistics is a prominent logistics solutions provider in Bangladesh, established in 2013. EL is a subsidiary of the esteemed Edison Group, a diversified conglomerate with a strong presence in various sectors including electronics, telecommunications, and real estate which is a dynamic and evolving business conglomerate based in Bangladesh. Founded with the vision of enhancing everyday life for its customers, the group focuses on delivering high-quality products and services across various industries. Its diverse portfolio includes ventures in sectors like technology, communication, power, real estate, electronics, and value-added services. The group's journey began with its first company, SB Tel Enterprise Ltd., in 2005, which later led to the establishment of several successful brands and companies under the Edison umbrella. EDISON Group has quickly become one of the prominent names in the Bangladeshi market, known for its innovative solutions and strong customer focus. With a commitment to continuous growth and diversification, Edison Group has expanded into new markets, developed new product lines, and enhanced its services, while maintaining a strong reputation for quality, trust, and reliability.

### **2.2.1 Vision**

To be the leading provider of integrated logistics solutions in Bangladesh.

### **2.2.2 Mission**

The company's ongoing mission is "Delivering difference to be the best in every market we serve, to the benefit of our customers and our stakeholders."

### **2.2.3 Values**

- They deliver high-quality products, great service, fair prices, and a positive experience.
- They treat staff with respect, offer competitive pay, reward performance, encourage growth, and support personal development.
- They care for the environment and the community through eco-friendly initiatives.
- They follow laws, maintain integrity, and avoid conflicts of interest.
- They build trust and strong, long-term partnerships with vendors, lenders, and others.

### **2.2.4 Product and Services of Edison Logistics Limited**

Edison Logistics offers a variety of services to help businesses manage their supply chain and logistics efficiently. Here's a brief overview of their key services:

- **Freight Management:** They provide air, sea, and road transportation for both local and international shipments.
- **Warehousing:** Safe storage options, including temperature-controlled storage and inventory management to keep track of stock.
- **Supply Chain Management:** Customized solutions to improve operations, reduce costs, and manage vendors and suppliers.
- **Distribution & Last-Mile Delivery:** Ensures timely delivery of goods within Bangladesh and final customer deliveries for e-commerce.



- **Customs Brokerage:** Helps with customs clearance, import/export documentation, and tariff management.
- **Value-Added Services:** Packaging, labeling, cargo insurance, and project logistics for large shipments.
- **Technology Solutions:** Uses logistics software, real-time tracking, and data analytics to improve efficiency and reduce costs.

### 2.3 Organizational Structure of Edison Logistics Limited

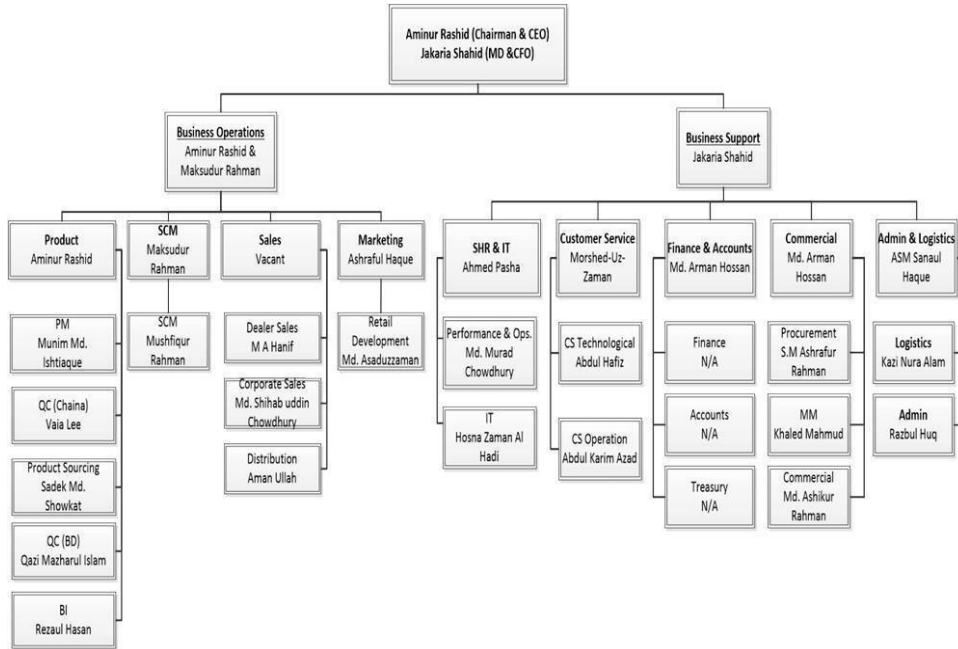


Chart: - Organizational Structure of EDISON Logistics Limited

## 2.4 Management Ladder Edison Logistics Limited

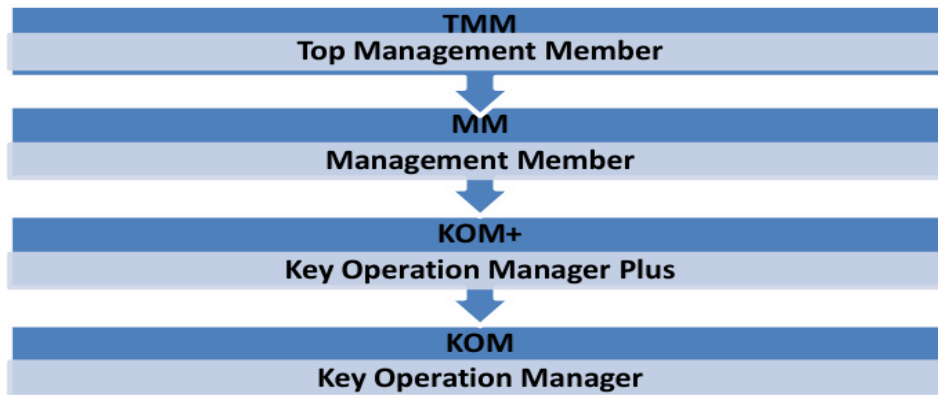


Chart:- Management

### Ladder Top Management Members (TMM)

- Position: Divisional Heads (Assistant Director to Senior Director)
- Role: Set company goals, policies, and plans at the division or company level. Lead multiple departments.

### Management Members (MM)

- Position: Department Heads (AGM to Deputy Director for Business; DGM to Deputy Director for other departments)
- Role: Execute company goals, policies, and plans.

### Key Operation Manager Plus (KOM+)

- Position: Grade G, not part of MM
- Role: High potential or successor. Supervises operations and represents departmental concerns.

## Key Operation Manager (KOM)

- Position: Assistant Manager to Senior Manager
- Role: High potential or successor. Supervises operations and represents departmental concerns

## 2.5 Marketing Practices

### 2.5.1 Marketing Strategy

Edison Logistics uses a mix of marketing strategies, including digital marketing, relationship building, and traditional methods. They optimize their website for search engines, engage with potential clients on social media, and provide excellent service to strengthen relationships with current customers. The company also uses print ads, public relations, and networking to boost visibility. Edison Logistics stands out by offering affordable prices, personalized services, and focusing on sustainability. These efforts help them build long-term customer loyalty and grow their brand locally and globally.

### 2.5.2 Marketing Mix

Edison Logistics uses the Four Ps of marketing: Product, Price, Place, and Promotion. This helps them reach more customers and make smart decisions. By focusing on these four areas, they can launch new products, improve existing ones, and stay competitive. Products/Services:

Edison Logistics offers reliable logistics solutions for both B2B and B2C customers, focusing on providing excellent service. Their offerings include aftersales support, quick claims resolution within 3 working days, and expedited shipment services for emergencies. The company also provides additional benefits to both business and individual customers to ensure a more convenient and rewarding service experience.

### Price:

Edison Logistics sets its prices based on freight and fuel charges, updating retail rates regularly. B2C customers can get discounts through a referral program, while B2B customers enjoy volume-based discounts and free shipments through promotional campaigns for reaching certain shipping targets.

### Promotion

Edison Logistics promotes its services in Bangladesh primarily through social media and special campaigns. The company also relies on satisfied customers to share positive experiences, helping to promote the brand organically.

### Place:

Edison Logistics has strategically located operational hubs and retail outlets in key industrial and business areas across Bangladesh, ensuring fast and reliable services for customers nationwide.

## **2.6 Accounting Practices**

In this section, we will look at the key accounting practices of Edison Logistics. The company follows core accounting principles like consistency, reliability, comparability, and relevance to ensure accurate financial reporting. It prepares its financial statements based on International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP). Edison Group uses the accrual accounting method, which means it records revenues and expenses when they occur, even before payments are made. This method provides a clear and real-time view of the company's financial position. Additionally, Edison Group follows the full accounting cycle, including recording transactions, making journal entries, posting them, preparing a trial balance, making adjustments, creating financial statements, and closing the books.

## **2.6.1 Operations Management and Information System Practices of Edison Logistics Limited**

Edison Logistics relies on efficient operations and information systems to run smoothly. The company uses various systems to collect, store, and share data with customers and stakeholders, ensuring transparency and building trust.

### **Information Systems**

Edison Logistics uses a central data system to collect and store information from partners, customers, and suppliers. This system provides real-time access to data on operations and inventories, ensuring smooth and transparent processes. Employees also use tools like Microsoft Office and other software to manage tasks like creating documents, scheduling meetings, and handling emails.

### **Quality Management and Operations Management**

Edison Logistics is dedicated to delivering high-quality services to its customers. The company follows global standards to meet customer and regulatory needs. It uses automated systems to plan and manage resources like vehicles, equipment, and staff, considering factors such as distance, cost, and availability for better efficiency. The company also uses lean management to reduce waste, lower costs, and improve overall performance, focusing on continuous improvement to boost customer satisfaction and maintain smooth operations.

## **2.7 Industry and competitive Analysis**

### **2.7.1 Analysis of Porter's Five Forces Model**

Porter's Five Forces analysis helps understand market competition and a company's position. Edison Logistics performs well in all five areas, giving it a strong advantage.

Threat of New Entrants: New companies face high costs and challenges entering the logistics market in Bangladesh. Edison's strong position and reliance on established distribution partners make it hard for newcomers to compete.

- Bargaining Power of Suppliers: Edison relies on local suppliers for packaging materials, and since there are many suppliers available, they have low bargaining power.
- Bargaining Power of Customers: Edison's customers value the high-quality service and are willing to pay higher prices. Therefore, customers have little bargaining power.
- Threat of Substitutes: While other shipping options exist, they are slower and cannot match Edison's fast delivery, so the threat of substitutes is low.
- Industry Rivalry: The level of competition in the logistics industry is low for Edison, as there are fewer companies offering similar services at the same level.

### 2.7.2 SWOT Analysis Strengths

- Strong focus on building and maintaining its brand
- A large number of loyal clients
- An experienced and skilled leadership team, led by the Board of Directors

#### Weakness.

- Importers being discouraged by high taxes
- Slow customs clearance at airports
- Traffic jams, making timely deliveries more challenging Opportunities
- Setting up operational hubs in major export processing areas
- Offering electronic shipping solutions
- Opening retail outlets near potential customers

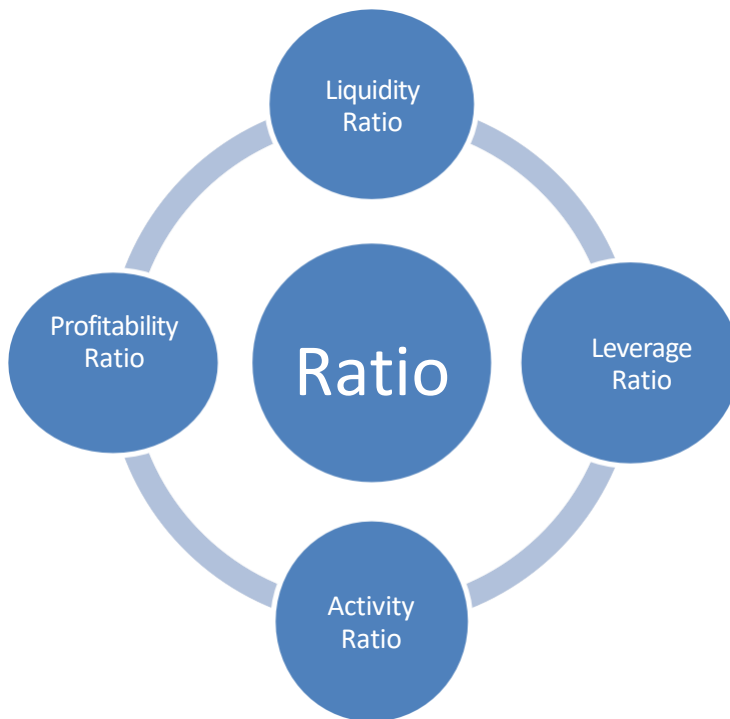
## Threats

- New competitors entering the market with innovative ideas
- Complex customs policies in Bangladesh
- Competitors attracting Edison employees with better job offers



## **Chapter 03: Findings and Analysis**

### 3 Ratio Analysis



Ratio analysis is a method used to evaluate Edison Logistics financial performance by calculating various ratios based on data from its annual report. These ratios help analyze the company's financial health, operational efficiency, and investment potential. By examining the current levels and past trends of these ratios, we can gain valuable insights into Edison Logistics overall business performance and future prospects.

### 3.1 Liquidity Ratio

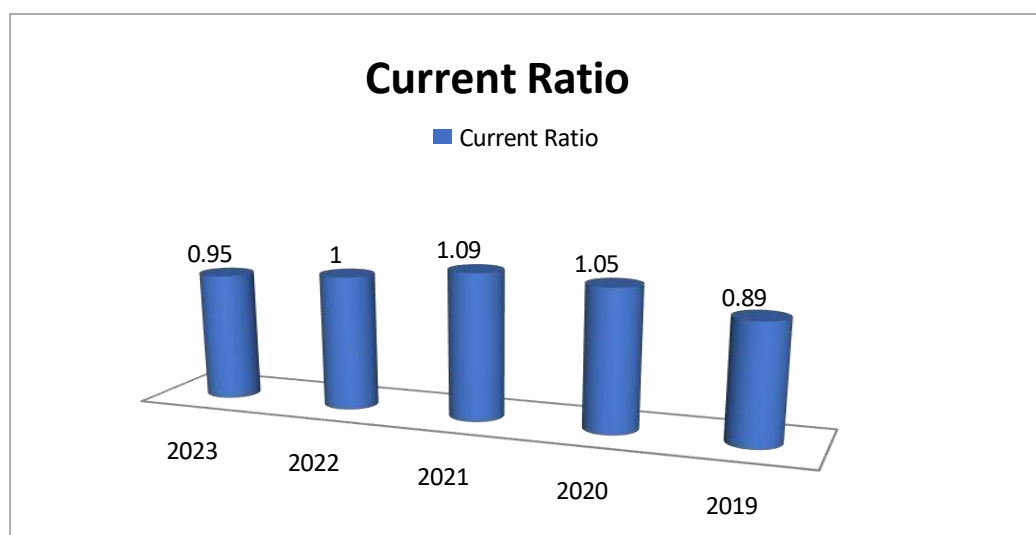
#### 3.1.1 Current Ratio

The current ratio shows how well Edison Logistics can handle its short-term debts using its current assets. If the ratio is above 1, it means the company has enough assets to comfortably pay off its short-term liabilities.

- A ratio significantly above 1.00 means the company has more current assets than it needs, which could be redirected into other investments or growth opportunities.
- A ratio around 1.00 or slightly higher (depending on the industry) indicates the company has just enough assets to handle its short-term debts.
- A ratio below 1.00 shows the company might struggle to cover its short-term obligations with its current assets.

*Current Ratio = Total Current Assets / Total Current Liabilities.*

Year	2023(E UR million )	2022(E UR million )	2021(E UR million )	2020(E UR million)	2019(E UR million )
Current Assets	19,213	22,332	22,734	18,261	15,052
Current Liabilities	20,322	22,264	20,907	17,389	16,873
Current Ratio	<b>0.95</b>	<b>1.00</b>	<b>1.09</b>	<b>1.05</b>	<b>0.89</b>



Edison Logistics current ratio from 2019 to 2023 shows how well it can cover its short-term debts with its short-term assets. The ratio fluctuated slightly, starting at 0.89 in 2019, rising to 1.09 in 2021, and then slightly decreasing in 2023 to 0.95. A ratio below 1 suggests the company may struggle to pay off its short-term obligations, while a ratio above 1 indicates it has more assets than liabilities. The overall trend shows that Edison Logistics has faced some challenges in maintaining a comfortable balance between assets and liabilities.

### 3.1.2 Quick ratio

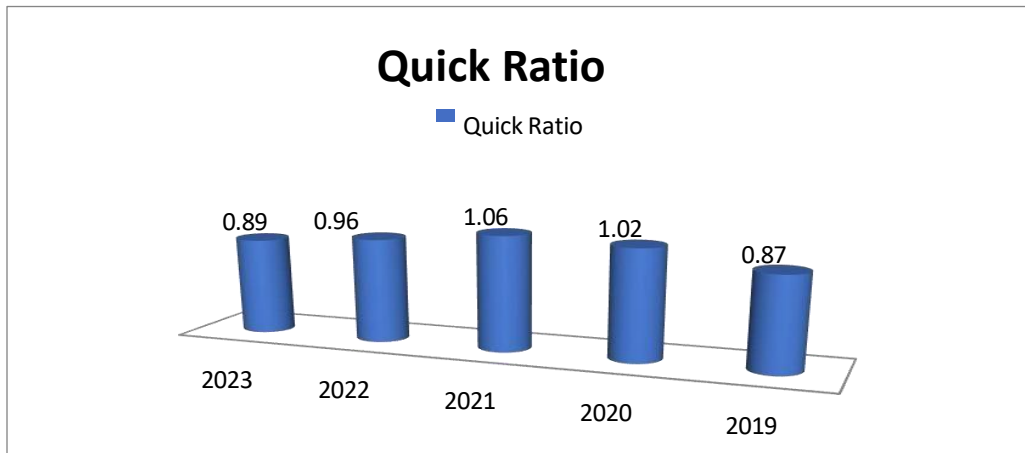
The quick ratio, also known as the acid-test ratio, is like the current ratio but excludes inventory. It measures how well a company can pay off short-term debts using only its most liquid assets, as inventory takes longer to turn into cash.

A quick ratio above 1.00 shows the company can easily handle unexpected expenses or debts.

A quick ratio below 1.00 indicates the company might have difficulty covering sudden obligations due to a lack of readily available assets.

*Quick Ratio = (Total Current Assets- Inventories) / Total Current Liabilities.*

Year	2023 (E UR Million)	2022 (E UR Million)	2021 (E UR Million)	2020 (E UR Million)	2019 (E UR Million)
Current asset - Inventories	18,152	21405	22141	1,7822	1,4656
Current Liabilities	20322	2224	20,907	17,389	16,873
Quick Ratio	0.89	0.96	1.06	1.02	0.87



Edison Logistics quick ratio from 2019 to 2023 shows some fluctuation in its ability to meet short-term obligations without relying on inventory. The quick ratio started at 0.87 in 2019, slightly improved in 2020 and 2021, reaching 1.06, indicating a better ability to cover short-term debts. However, it dropped back to 0.89 in 2023, meaning the company's liquidity is lower and might face challenges paying off short-term liabilities without selling inventory.

### 3.1.3 Cash Ratio

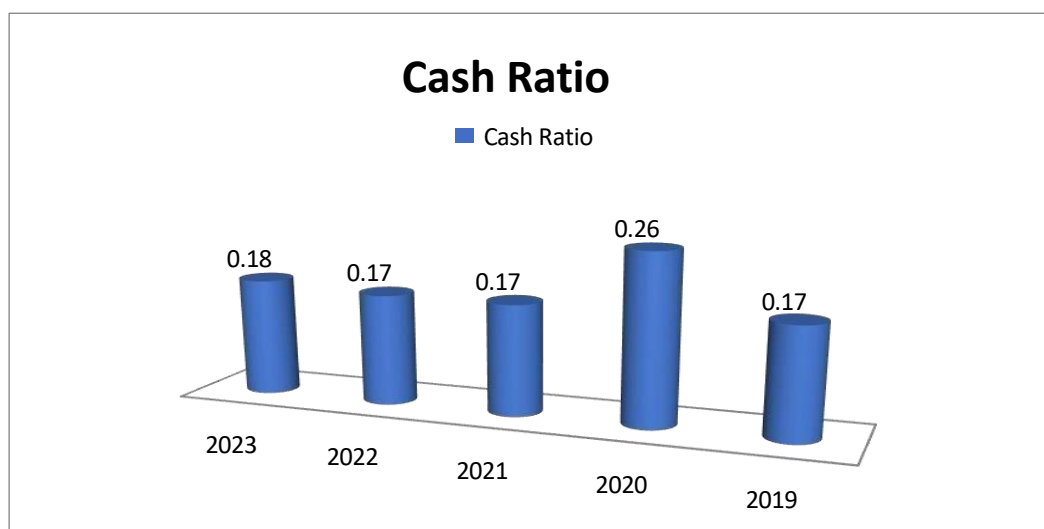
The cash ratio measures how well a company can pay its short-term debts using only its cash and cash equivalents. It is calculated by dividing cash and cash equivalents by current liabilities.

A cash ratio above 1.00 means the company has enough cash to cover all its short-term debts and still have extra funds remaining.

A cash ratio below 1.00 indicates the company doesn't have enough cash on hand to fully pay its short-term obligations, which could lead to financial challenges.

$$\text{Cash Ratio} = (\text{Cash} + \text{Cash Equivalents}) / \text{Total Current Liabilities.}$$

Year	2023(E)	2022(E)	2021(E)	2020(E)	2019(E)
	UR	UR	UR	UR	UR
	million)	million)	million)	million)	million)
Cash + Cash Equivalent s	3,649	3,790	3,531	4,482	2,862
Current Liabilities	20,322	22,264	20,907	17,389	16,873
Cash Ratio	<b>0.18</b>	<b>0.17</b>	<b>0.17</b>	<b>0.26</b>	<b>0.17</b>



Edison Logistics cash ratio from 2019 to 2023 shows a relatively low level of cash available to cover its short-term liabilities. The ratio fluctuates between 0.17 and 0.26, indicating that the company relies on sources other than cash to meet immediate financial obligations. A cash ratio below 1 suggests that Edison may not have enough cash on hand to cover all short-term debts if they come due at once, which could signal a need for improved liquidity management.

## 3.2 Leverage Ratio

### 3.2.1 Debt to Assets Ratio

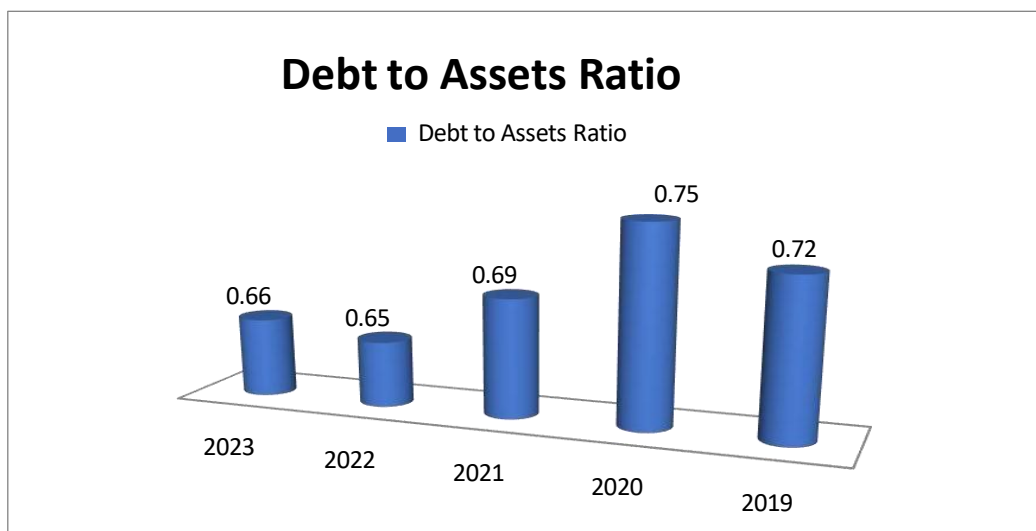
The debt-to-assets ratio shows how much of a company's assets are paid for with borrowed money.

- A high ratio means a large portion of the company's assets are financed by debt rather than equity or retained earnings.
- A low ratio means a smaller proportion of the company's assets are financed by debt, the company is less leveraged and relies more on equity or internal funds.

$$\text{Debt to Assets Ratio} = \text{Total Debt} / \text{Total Asset}$$

Year	2023(EU R million)	2022(EU R million)	2021(EU R million)	2020(EU R million)	2019(EU R million)
<b>Total Debt</b>	43924	44758	44093	41229	37777
<b>Total Assets</b>	66,814	68,476	63,592	55,307	52,169
<b>Debt to Assets Ratio</b>	<b>0.66</b>	<b>0.65</b>	<b>0.69</b>	<b>0.75</b>	<b>0.72</b>





Edison Logistics Debt to Asset Ratio has been relatively stable from 2019 to 2023, ranging between 0.65 and 0.75. This means that about 65% to 75% of the company's assets are financed through debt. While this indicates a moderate level of financial leverage, it also suggests that the company is somewhat reliant on borrowed funds. The ratio doesn't show significant changes, indicating consistent use of debt to finance its assets.

### 3.2.2 Debt to Equity Ratio

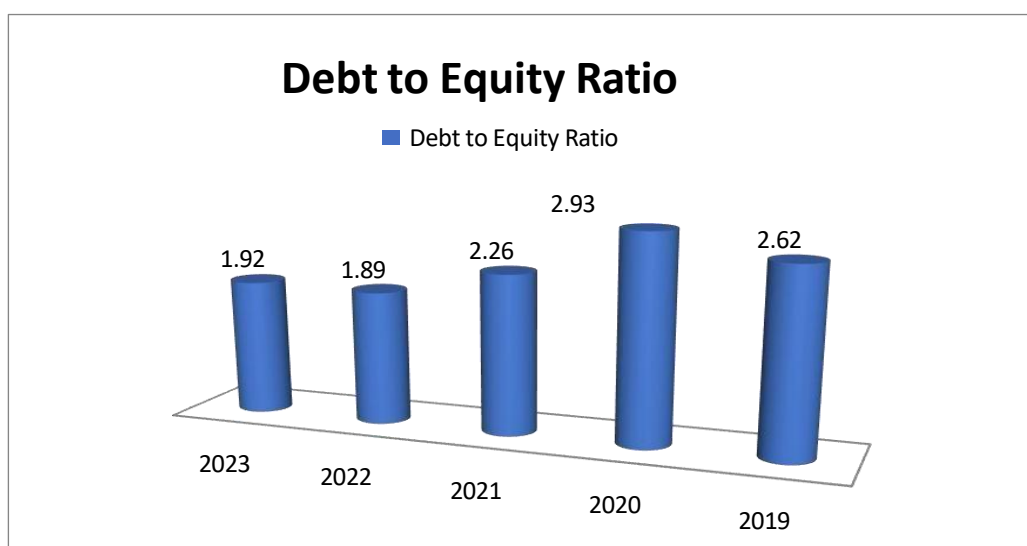
The Debt-to-Equity Ratio measures how much debt a company uses compared to equity to finance its operations.

If high Debt to Equity Ratio, The Company relies heavily on debt compared to equity for financing also suggests higher financial leverage and risk.

If low Debt to Equity Ratio, The Company relies more on equity than debt for financing also indicates lower financial leverage and risk.

$$\text{Debt to Equity Ratio} = \text{Total Debt} / \text{Total Equity}$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
Total Debt	43924	44758	44093	41229	37777
Total Equity	22890	23718	19,499	14,078	14,392
Debt to Equity Ratio	1.92	1.89	2.26	2.93	2.62



Edison Logistics Debt to Equity Ratio from 2019 to 2023 shows a trend of high reliance on debt compared to equity. The ratio fluctuated between 1.89 and 2.93, indicating that for every unit of equity, the company used nearly 2 to 3 units of debt. This suggests that Edison Logistics has been heavily financed through debt, which means higher financial risk. A high ratio like this can make it harder to repay debt during tough times but may offer higher returns if managed well.

### 3.2.3 Financial Leverage:

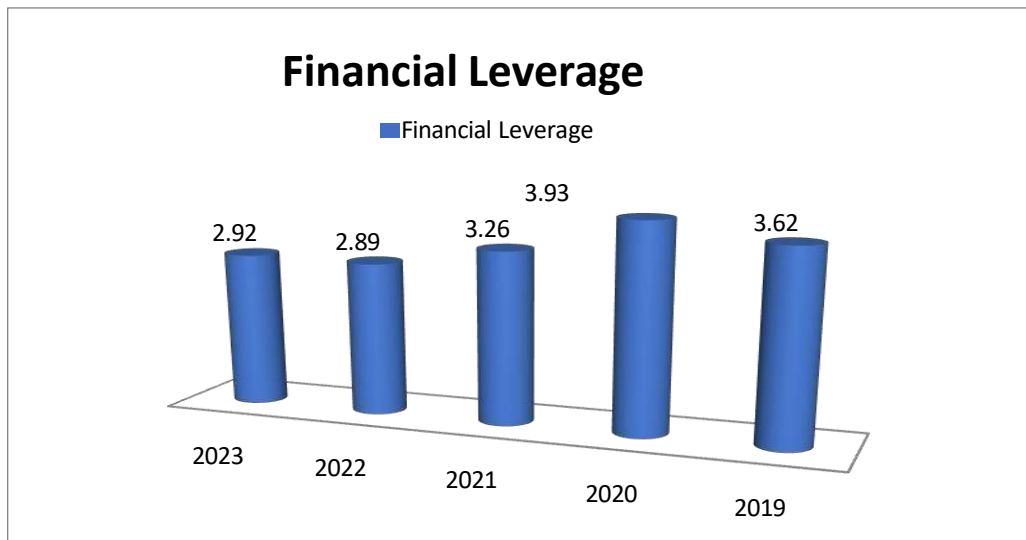
The Total Asset to Total Equity Ratio, also called the equity multiplier, shows how much of a company's assets are funded by borrowing.

If the Ratio is High, A large part of the company's assets is funded by borrowed money. This can increase shareholder equity and help grow the company.

If the Ratio is Low, The Company uses less borrowed money and relies more on its own funds. This reduces risk but may limit growth if the company isn't using leverage effectively.

$$\text{Financial Leverage} = \text{Total Asset/Total Equity}$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
<b>Total Asset</b>	66,814	68,476	63,592	55,307	52,169
<b>Total Equity</b>	22890	23718	19,499	14,078	14,392
<b>Financial Leverage</b>	<b>2.92</b>	<b>2.89</b>	<b>3.26</b>	<b>3.93</b>	<b>3.62</b>



Edison Logistics financial leverage, measured from 2019 to 2023, shows how much the company relies on debt to finance its operations. The ratio has been steadily high, ranging.

From 2.89 to 3.93, indicating that Edison has used a significant amount of debt compared to its equity. This suggests the company is highly leveraged, meaning it relies more on borrowed funds for growth, which can increase both potential returns and financial risk.

### 3.2.4 Interest Coverage Ratio:

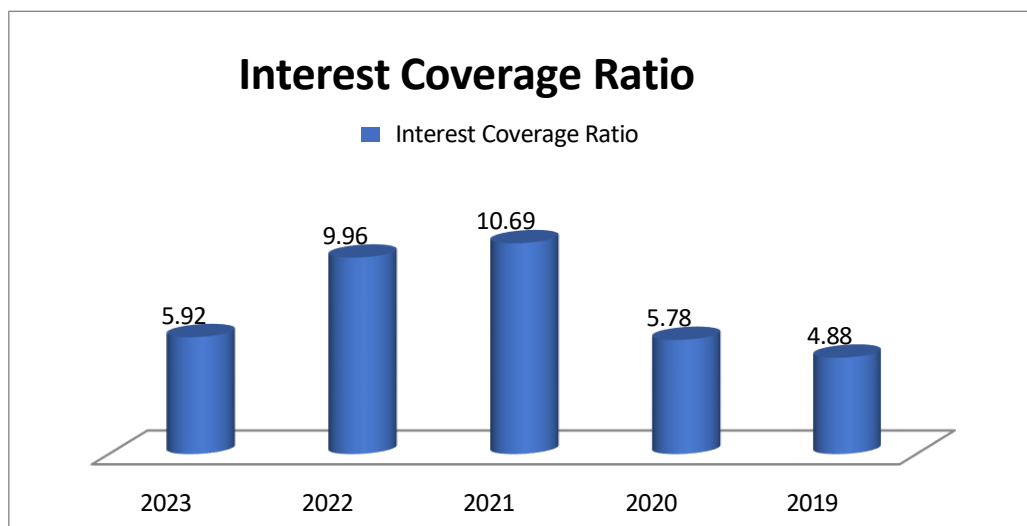
The Interest Coverage Ratio, or Times Interest Earned (TIE) ratio, shows how easily a company can pay its interest expenses using its earnings before interest and taxes (EBIT).

If the Ratio is High, the company earns much more than its interest payments. This means lower risk and a strong ability to pay its debts.

If the Ratio is Low, the company earns just enough or less than what it owes in interest. This increases the risk of struggling to meet debt payments.

$$\text{Interest Coverage Ratio} = \text{EBIT} / \text{Interest Expense}$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
<b>EBIT</b>	6,345	8,436	7,978	4,847	4,128
<b>Interest Expense</b>	1,071	847	746	838	846
<b>Interest Coverage Ratio</b>	<b>5.92</b>	<b>9.96</b>	<b>10.69</b>	<b>5.78</b>	<b>4.88</b>



From 2019 to 2023, Edison Logistics maintained a strong Interest Coverage Ratio, showing its ability to cover interest expenses from operating profits. The ratio ranged from 4.88 to 10.69, indicating that the company could comfortably meet its interest obligations. While the ratio peaked in 2021 (10.69), it slightly declined in 2022 and 2023, suggesting reduced profit efficiency in covering interest payments, but it still remains within a healthy range.

### 3.3 Activity Ratio

#### 3.3.1 Asset Turnover Ratio

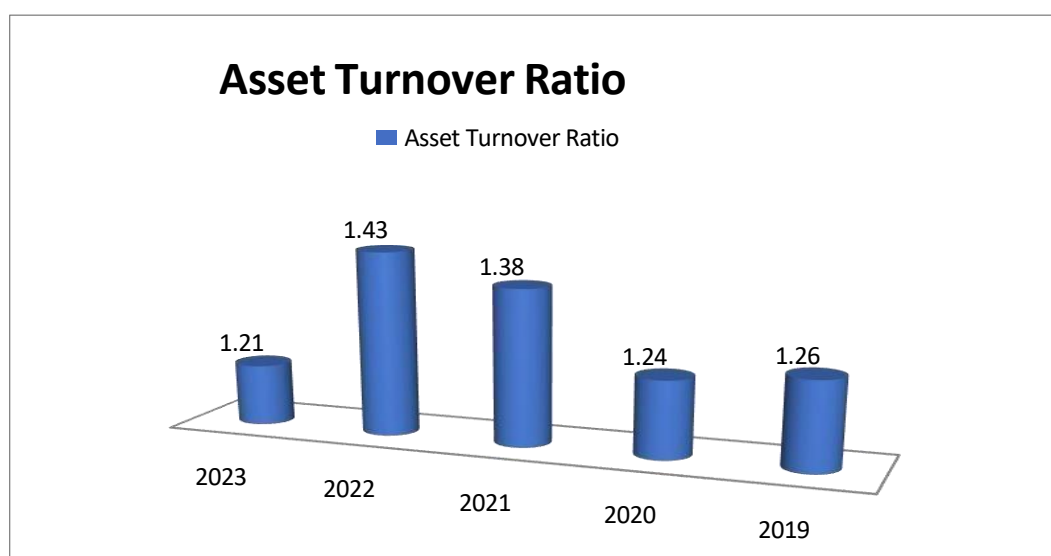
Asset Turnover ratio shows how well a company uses its total assets to make money. It tells how much revenue the company earns for every dollar of assets it owns.

If the Ratio is High, the company is efficient at using its assets to generate sales.

If the Ratio is Low, the company may not be using its assets effectively, or sales are lower compared to its assets.

$$\text{Assets Turnover} = \text{Net Sales} / \text{Average Total Assets}$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
Net Sales	81,758	94,436	81,747	66,716	63,341
Average Total Asset	67645	66034	59449.5	53738	50196
Asset Turn Over Ratio	<b>1.21</b>	<b>1.43</b>	<b>1.38</b>	<b>1.24</b>	<b>1.26</b>



From 2019 to 2023, Edison Logistics asset turnover ratio fluctuated slightly, ranging from 1.21 to 1.43. This indicates that the company consistently generated about 1.2 to 1.4 times its revenue for every unit of assets it owned. While the ratio shows stable performance, the small variations suggest room for improvement in efficiently utilizing assets to boost revenue.

### 3.3.2 Receivable Turnover Ratio:

The Receivable Turnover Ratio shows how quickly a company collects money from its credit sales.

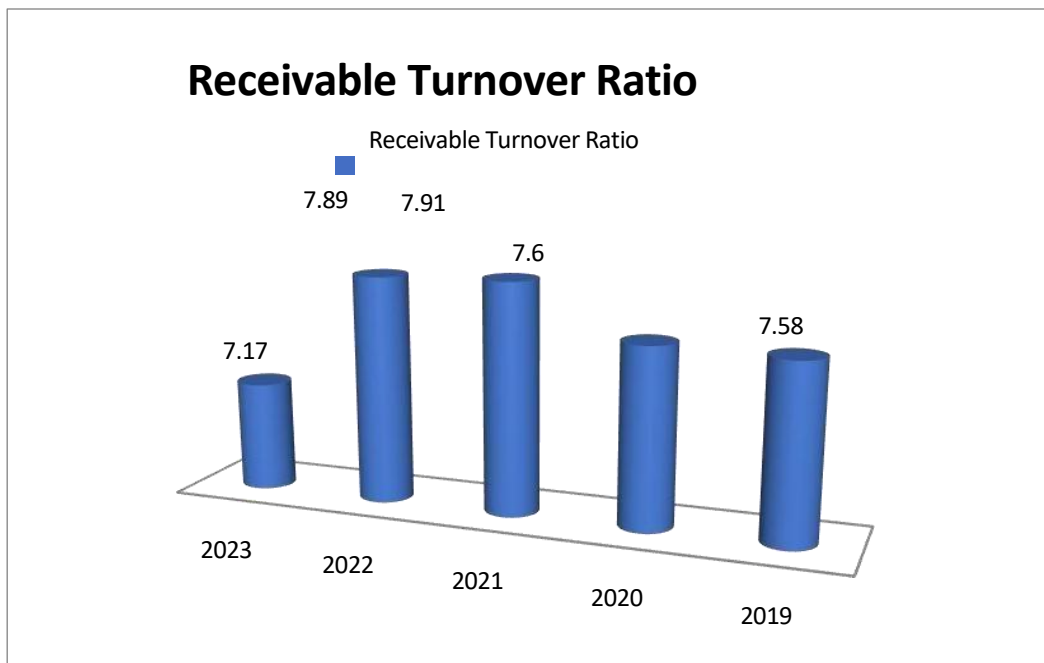
If the Ratio is High, The Company collects payments quickly. This means it is efficient at managing credit sales and has strong cash flow.

If the Ratio is Low, The Company takes longer to collect payments. This may indicate poor credit policies or issues with customer payments.

$$\text{Receivable Turnover Ratio} = \text{Net Sales} / \text{Average Accounts Receivables}$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
Net Sales	81,758	94,436	81,747	66,716	63,341
Average Account Receivables	11395	11968	10334	8773	8361
Receivable Turnover Ratio	<b>7.17</b>	<b>7.89</b>	<b>7.91</b>	<b>7.60</b>	<b>7.58</b>





From 2023 to 2019, Edison Logistics maintained a consistent receivable turnover ratio, averaging around 7.5 to 7.9. This indicates the company efficiently collected payments from its customers, with only slight fluctuations over the years, showing stable credit management.

### 3.3.3 Average Collection Period:

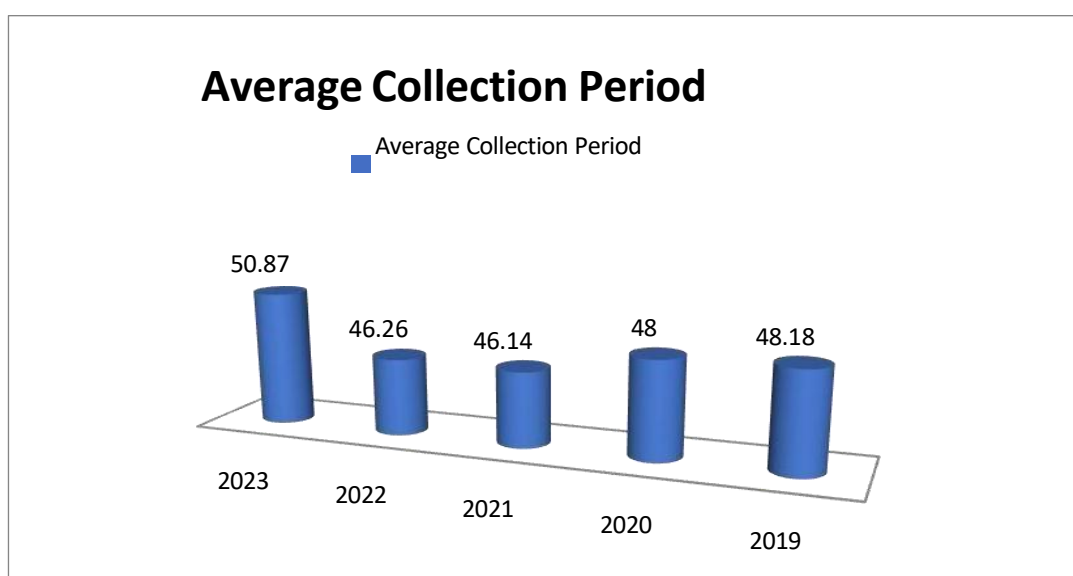
The Average Collection Period shows how many days it takes for a business to collect money from its customers.

If the Number is Low, This is good because the business collects money quickly, improving cash flow.

If the Number is High, This is bad because it means the business takes longer to collect payments, which could cause cash flow problems.

$$\text{Average Collection Period} = 365 / \text{Receivable Turnover Ratio}$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
Receivable Turnover Ratio	7.17	7.89	7.91	7.60	7.58
Average Collection Period	50.87	46.26	46.14	48.00	48.18



From 2019 to 2023, Edison Logistics Average Collection Period ranged between 46 and 51 days. This means, on average, the company took about 46 to 51 days to collect payments from its customers. The consistent time frame suggests stable credit and collection practices during this period.

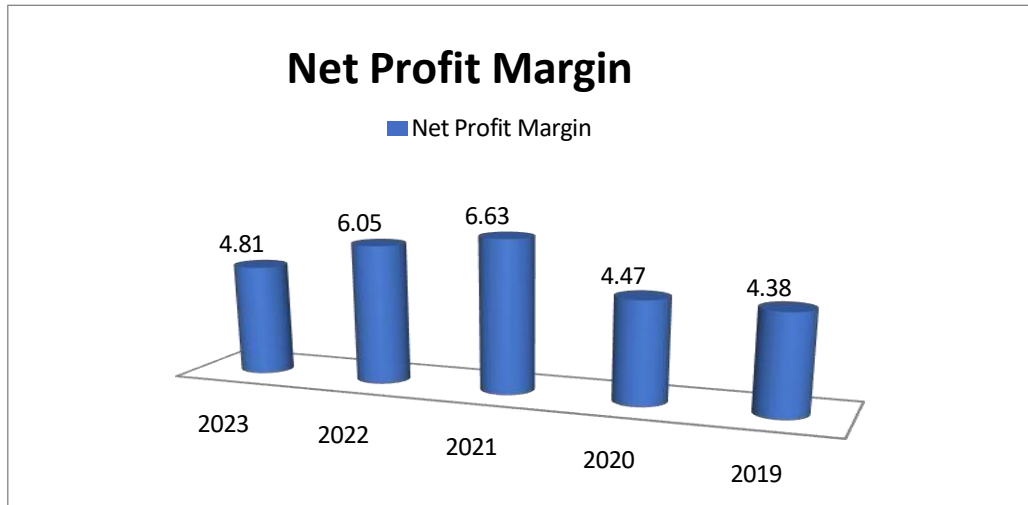
### 3.4 Profitability Ratio

#### 3.4.1 Net Profit Margin

The net profit margin shows how much profit a company makes from its total sales. A higher profit margin is better because it means the company is making more Money from each sale. A lower margin is not good, as it means the company is not making as much profit from its sales.

$$\text{Net Profit Margin} = (\text{Net Profit} / \text{Total Sales}) * 100$$

Year	2023(EU R million)	2022(EU R million)	2021(EU R million)	2020(EU R million)	2019(EU R million)
<b>Total Sales</b>	81,758	94,436	81,747	66,716	63,341
<b>Net Profit</b>	3,935	5,717	5,423	3,176	2,776
<b>Net Profit Margin</b>	<b>4.81</b>	<b>6.05</b>	<b>6.63</b>	<b>4.47</b>	<b>4.38</b>



From 2019 to 2023, Edison Logistics Net Profit Margin shows slight fluctuations. It started at 4.38% in 2019, peaked at 6.63% in 2021, and then declined to 4.81% by 2023. This indicates the company's ability to turn revenue into profit improved initially but faced challenges in maintaining that level in recent years.

#### 3.4.2 Operating Margin:

Operating margin shows how much profit a company makes from its regular business activities after paying for costs like wages, raw materials, and rent, but before paying interest or taxes.

If operating Margin is high, The Company is good at turning sales into profit and can cover its operating costs effectively.

If operating Margin is low, The Company is not as efficient at controlling costs, and a smaller portion of its sales turns into profit.

$$\text{Operating Margin} = (\text{Operating Income}/\text{Revenue}) * 100$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
<b>Total Sales</b>	81,758	94,436	81,747	66,716	63,341
<b>Operating Income</b>	6,345	8,436	7,978	4,847	4,128
<b>Operating Margin</b>	<b>7.76</b>	<b>8.93</b>	<b>9.76</b>	<b>7.27</b>	<b>6.52</b>



From 2019 to 2023, Edison Logistics operating margin showed some fluctuations. It started at 6.52% in 2019, peaked at 9.76% in 2021, and then gradually declined to 7.76% by 2023. This indicates that while the company improved its efficiency in generating operating income during the earlier years, it faced some challenges maintaining that level in recent years.

### 3.4.3 Return on Assets

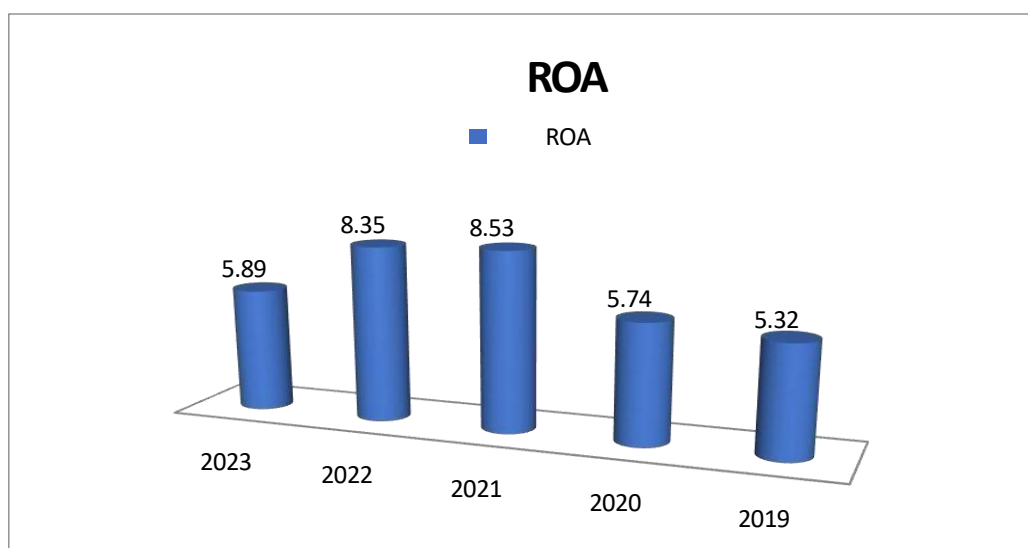
Return on Assets (ROA) shows how much profit a company makes for every dollar of assets it owns. It helps management, analysts, and investors see if the company is using its assets effectively to make money.

If ROA is high, this means the company is good at using its assets to generate profit, indicating strong efficiency.

If ROA is low, this suggests the company may not be using its assets effectively, which could be a sign of poor performance.

$$ROA = (\text{Net Income} / \text{Total Asset}) * 100$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
<b>Total Asset</b>	<b>66,814</b>	<b>68,476</b>	<b>63,592</b>	<b>55,307</b>	<b>52,169</b>
<b>Net Income</b>	935	5,717	5,423	3,176	2,776
<b>ROA</b>	<b>5.89</b>	<b>8.35</b>	<b>8.53</b>	<b>5.74</b>	<b>5.32</b>



From 2019 to 2023, Edison Logistics Return on Assets (ROA) shows some variation. It peaked in 2021 at 8.53%, indicating strong profitability from its assets during that year. However, the ROA declined slightly in 2022 and further in 2023, reaching 5.89%. This trend suggests the company's ability to generate profit from its assets has weakened over time, signaling potential areas for improvement in efficiency or profitability.

### 3.4.4 Return on Equity

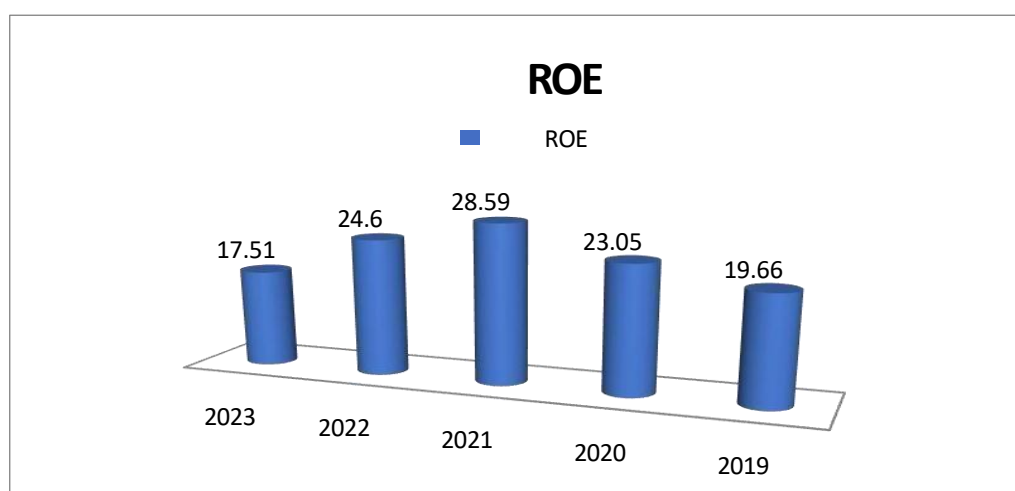
Return on Equity (ROE) measures how much profit a company makes with the money invested by its shareholders. It's calculated by dividing net income by shareholders' equity.

If ROE is high, the company is doing a good job of making profit from its investments. It shows the company is efficient at turning its equity into profit.

If ROE is low, the company is not using its equity as effectively to generate profits.

$$ROE = (Net\ Income / Shareholder's\ Equity) * 100$$

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
Shareholder's Equity	22,477	23,236	19,037	14,117	13,777
Net Income	3,935	5,717	5,423	3,176	2,776
ROE	<b>17.51</b>	<b>24.60</b>	<b>28.59</b>	<b>23.05</b>	<b>19.66</b>





From 2019 to 2023, Edison Logistics Return on Equity (ROE) fluctuated, showing how effectively the company used shareholders' investments to generate profit. It started at 19.66% in 2019, peaked at 28.59% in 2021, and then declined slightly to 17.51% in 2023. This trend indicates strong profitability during the period but suggests a need for improvement in recent years.

### 3.4.5 Basic Earnings Power Ratio

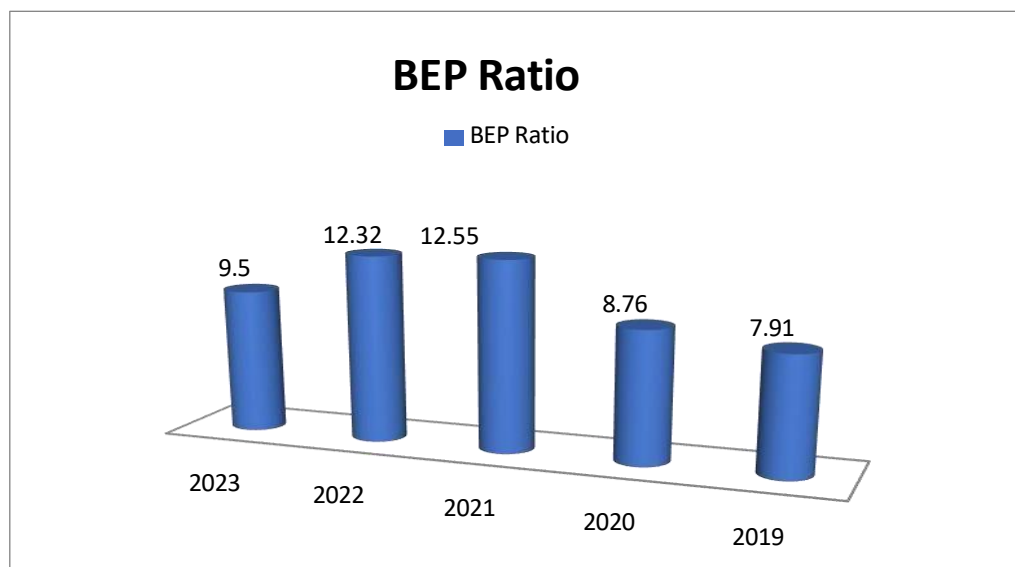
The BEP Ratio shows how well a company is using its assets to generate income. It is calculated by dividing Earnings before Interest and Taxes (EBIT) by Total Assets:

A high BEP ratio means the company is doing a good job of turning its assets into profit. The company is more efficient at generating income from its assets.

A low BEP ratio means the company is less effective at using its assets to generate income. This suggests the company may need to improve its asset utilization.

Basic Earnings Power Ratio = EBIT / Total Asset

Year	2023(EUR million)	2022(EUR million)	2021(EUR million)	2020(EUR million)	2019(EUR million)
<b>Total Asset</b>	66,814	68,476	63,592	55,307	52,169
<b>Operating Income</b>	6,345	8,436	7,978	4,847	4,128
<b>BEP Ratio</b>	<b>9.50</b>	<b>12.32</b>	<b>12.55</b>	<b>8.76</b>	<b>7.91</b>



From 2019 to 2023, Edison Logistics Basic Earning Power (BEP) ratio showed fluctuations. It peaked at 12.55 in 2021, indicating strong efficiency in generating income from assets during that year. However, the ratio declined to 7.91 in 2023, suggesting reduced profitability. This trend highlights the need for better asset utilization in recent years.

### 3.5 Du Point Analysis

#### 3.5.1 Component ROE Decomposition

DuPont Analysis breaks down Return on Equity (ROE) into three parts to help understand a company's performance and areas for improvement. ROE shows how well a company uses shareholders' money to make profits.

Profit Margin measures how much profit the company makes from its sales. It is calculated as Net Income divided Sales. A higher margin means better cost control and higher efficiency.

Asset Turnover shows how well the company uses its assets to generate sales. It is calculated as Sales divided Total Assets. A higher turnover means the company is effectively using its resources.

Equity Multiplier indicates how much of the company's assets are funded by

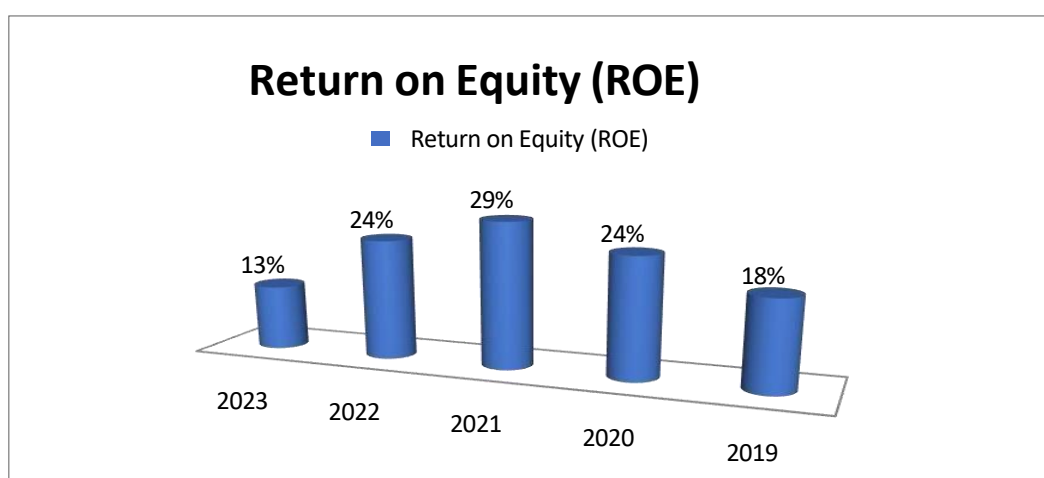
Debt it is calculated as Total Assets divided Shareholders' Equity. A higher multiplier means the company uses

More debt, which can increase profits but also, adds financial risk. ROE combines all three parts into one

Formula:

$$ROE = Profit\ Margin \times Asset\ Turnover \times Equity\ Multiplier$$

Years	2023(EUR Million)	2022(EUR Million)	2021(EUR Million)	2020(EUR Million)	2019(EUR Million)
Net Income	3,935	5,717	5,423	3,176	2,776
Sales	81,758	94,436	81,747	66,716	63,341
<b>Profit Margin</b>	0.04	0.06	0.07	0.05	0.04
Sales	81,758	94,436	81,747	66,716	63,341
Total Asset	66,814	68,476	63,592	55,307	52,169
<b>Total Asset Turnover</b>	1.12	1.38	1.29	1.21	1.21
Total Asset	66,814	68,476	63,592	55,307	52,169
Total Equity	22890	23718	19,499	14,078	14,392
<b>Equity Multiplier</b>	2.92	2.89	3.26	3.93	3.62
<b>ROE</b>	13%	23%	29%	23%	17%



From 2019 to 2023, Edison Logistics Limited Return on Equity (ROE) shows some fluctuations, ranging from 17% in 2019 to a peak of 29% in 2021 before declining to 13% in 2023. This variation is explained by the three components of the DuPont Analysis: profit margin, asset turnover, and equity multiplier. The profit margin remained low and fairly consistent (4% to 7%), indicating limited profitability from sales. Asset turnover was moderate, peaking at 1.38 in 2020, which reflects decent efficiency in using assets to generate revenue. However, the equity multiplier, which measures financial leverage, steadily increased, reaching a high of 3.93 in 2020, suggesting the company relied heavily on debt to boost returns. The findings highlight that while Edison Logistics maintained efficiency in asset utilization, its dependence on debt and low profit margins were key factors affecting ROE, with risks tied to high leverage becoming more pronounced in recent years. From 2019 to 2023, Edison Logistics Limited ROE fluctuated between 17% and 29%, driven mainly by increased reliance on debt (higher equity multiplier). While asset turnover remained stable, the low profit margin limited profitability. The company boosted ROE through financial leverage but faced declining profitability in 2023, raising concerns about future performance due to high debt reliance.

## **Chapter 04: Conclusion**

The financial performance analysis of Edison Logistics from 2019 to 2023 presents a nuanced view of its operational and financial health. The company exhibited consistent strengths in operational efficiency, financial leverage management, and debt utilization to drive growth. However, challenges in liquidity, profitability, and asset utilization suggest areas for improvement. Liquidity ratios, including current, quick, and cash ratios, highlight difficulties in maintaining sufficient liquid assets for short-term obligations, despite some marginal improvements. Profitability metrics such as net profit margin and return on equity (ROE) initially showed positive trends, peaking in 2021, but later declined due to potential inefficiencies or market pressures. Activity ratios, particularly asset turnover and receivable turnover, indicate stability and effectiveness in asset and receivables management, showcasing the company's efficiency in generating revenue and sustaining operations. Edison's reliance on financial leverage, reflected in debt-to-equity and debt-to-assets ratios, underscores its focus on using borrowed capital for growth, though it introduces financial risks during economic downturns or reduced profitability periods. The DuPont analysis reveals declining ROE in recent years due to narrowing profit margins, despite stable asset turnover and strategic leveraging, pointing to the need for better cost management and profitability initiatives. To enhance liquidity management, Edison Logistics should optimize its working capital, maintain higher cash reserves, and improve the quick ratio to better address unforeseen financial demands. Balancing debt and equity financing is also critical to reducing financial risk and improving creditworthiness, which may involve renegotiating loan terms or exploring equity-based funding options. The company can focus on cost efficiency by streamlining operations, leveraging economies of scale, and adopting advanced technologies to lower expenses and boost profitability. Expanding its market presence by capitalizing on the growth of e-commerce and diversifying into high-demand sectors will further strengthen its competitive position. Additionally, investing in innovation through advanced logistics management systems, enhancing supply chain transparency, and adopting eco-friendly practices can improve customer satisfaction and align Edison Logistics with global standard. Despite these challenges, Edison Logistics remains a

Significant market player, driven by its strong operational foundation, technology-driven solutions, strategic market segmentation, and comprehensive service portfolio. Addressing liquidity, profitability, and financial sustainability issues will be essential

for Edison to consolidate its position and achieve long-term growth in the evolving logistics landscape.



Reference:

<https://edison-logistics.com/>

<https://edison-logistics.com/about>

<https://edison-logistics.com/detail-service>