# Exemple : TWO Firms X & Y

- 2 firms X & Y have the following profile :
  - Revenues 100 ME
  - Capital employed 50 ME
  - ROCE pretax 20%
  - Corporate tax rate 40%
- Firm X
  - Capital structure : 50% Net financial debt (interest rate 12%)
  - Variable costs : 35% of revenues
- Firm Y
  - Capital structure : 100% equity
  - Variable costs : 55% of revenues

**1/ Build up an I/S and an economic B/S for X & Y**
**2/ Redo the exercise if sales drop down to 90 Millions €**
**3/ In both cases and for both firms compute the following ratios**
**Ebit/sales, NFD/Equiry, EBIT/interest, ROCE(pretax) and ROE for X & Y**
**What is your conclusion ?**