BUS-123 Spring 2013
Instr: F. Paiano
Common Stock Ratios: (a.k.a. Market Ratios)
price / earnings ratio $=$ market price of common stock / earnings per share $\quad$ (income statement) (a.k.a. PE, P/E)
price / earnings to growth ratio $=$ stock's $\mathrm{P} / \mathrm{E}$ ratio $/ 3$ or 5 year growth rate in earnings (income statement) (a.k.a. PEG ratio)
dividends per share $=$ annual dividends $/$ number of shares outstanding
dividend yield $=$ dividends per share $/$ market price per share
dividend payout ratio $=$ dividends per share $/$ earnings per share
book value $=$ common stockholders' equity / number of shares outstanding
(a.k.a. book value per share)
price-to-book-value per share $=$ market price per share / book value per share
price-to-cash flow per share $=$ market price per share $/$ cash flow per share
price-to-sales per share $=$ market price per share $/$ sales per share

## Profitability Ratios:

net profit margin $=$ net income (a.k.a. net profit after taxes) $/$ total revenue (a.k.a. net sales) gross margin $=$ gross profit $/$ total revenue (a.k.a. net sales)
operating margin $=$ operating income (a.k.a. oper inc or loss) $/$ total revenue (a.k.a. net sales) return on assets $=$ net income (a.k.a. net profit after taxes) / total assets
(a.k.a. ROA)
return on equity $=$ net income (a.k.a. net profit after taxes) / total stockholders' equity (a.k.a. ROE, return on investment, ROI)

## Liquidity Ratios:

current ratio $=$ current assets $/$ current liabilities $\quad$ (balance sheet)
net working capital $=$ current assets - current liabilities
acid test ratio $=($ cash + accts rcv + short-term investments + other current assets $) /$ current liabilities
(a.k.a. quick ratio)

## Activity Ratios:

accounts receivable turnover $=$ total revenue (a.k.a. annual sales) / accounts receivable
inventory turnover $=$ total revenue (a.k.a. annual sales) $/$ inventory
total asset turnover $=$ total revenue (a.k.a. annual sales) $/$ total assets

## Leverage Ratios:

debt-equity ratio $=$ long-term debt / total stockholders' equity
times interest earned $=$ earnings before interest and taxes / interest expense
total debt to total assets $=$ total liabilities (a.k.a. debt) $/$ total assets
(income statement)
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