BUS-123 Spring 2015 Financial Ratios Name: _____

Instr:	F.	Paiano
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instr. F. Parano	
Common Stock Ratios: (a.k.a. Market Ratios)	
price / earnings ratio = market price of common stock / earnings per share	(income statement)
(a.k.a. PE, P/E) price / earnings to growth ratio = stock's P/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	(income statement)
dividend yield = dividends per share / market price per share	
dividend payout ratio = dividends per share / earnings per share	(income statement)
book value = common stockholders' equity / number of shares outstanding	(balance sheet)
(a.k.a. book value per share)	
price-to-book-value per share = market price per share / book value per share	(balance sheet)
price-to-cash flow per share = market price per share / cash flow per share	(income statement)
price-to-sales per share = market price per share / sales per share	(income statement)
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Profitability Ratios:	
net profit margin = net income (a.k.a. net profit after taxes) / total revenue (a.k.a. net sales)	(income statement)
gross margin = gross profit / total revenue (a.k.a. net sales)	(income statement)
operating margin = operating income (a.k.a. oper inc or loss) / total revenue (a.k.a. net sales)	(income statement)

(balance sheet and

(balance sheet and

income statement)

income statement)

(a.k.a. ROE, return on investment, ROI)

(a.k.a. ROA)

Liquidity Ratios:

current ratio = current assets / current liabilities (balance sheet)

net working capital = current assets - current liabilities (balance sheet)

acid test ratio = (cash + accts rcv + short-term investments + other current assets) / current liabilities (balance sheet)

(a.k.a. quick ratio)

return on assets = net income (a.k.a. net profit after taxes) / total assets

return on equity = net income (a.k.a. net profit after taxes) / total stockholders' equity

Activity Ratios:

accounts receivable turnover = total revenue (a.k.a. annual sales) / accounts receivable	(balance sheet and
	income statement)
inventory turnover = total revenue (a.k.a. annual sales) / inventory	(balance sheet and
	income statement)
total asset turnover = total revenue (a.k.a. annual sales) / total assets	(balance sheet and
	income statement)

Leverage Ratios:

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