

Technical terms

Operating revenue

Operating revenue is the revenue generated from a company's primary business activities. For example, a retailer produces revenue through merchandise sales, and a physician derives revenue from the medical services he/she provides.

Operating expense

An operating expense is an expense a business incurs through its normal business operations. Often abbreviated as OPEX, operating expenses include rent, equipment, inventory costs, marketing, payroll, insurance, step costs, and funds allocated for research and development

EBITDA

A company's Earnings Before Interest, Taxes, Depreciation, and Amortization is an accounting measure calculated using a company's earnings, before interest expenses, taxes, depreciation, and amortization are subtracted, as a proxy for a company's current operating profitability.

EBITDA Margins

EBITDA margin is a measure of a company's operating profit as a percentage of its revenue. Knowing the EBITDA margin allows for a comparison of one company's real performance to others in its industry

Depreciation and amortisation

Depreciation refers to the reduction in the cost of the tangible fixed assets over its lifespan which is proportionate to the use of the asset in that specific year. **Amortization** refers to the reduction in the cost of the intangible assets over its lifespan. The key **difference between amortization and depreciation** is that amortization is used for intangible assets, while depreciation is used for tangible assets. ... Finally, because they are intangible, amortized assets do not have a salvage value, which is the estimated resale value of an asset at the end of its useful life.

Net Finance Expense

Net Financial Expense means the result of subtracting (i) the interests accrued by the Financial Debt during the relevant calculation period, minus (ii) the interests accrued by provisions made during the calculation period.

Underlying profit

Underlying profit is a calculation made internally by a company to show what it believes is a more accurate reflection of how much money it generates. The number focuses on regular accounting cycle events and often excludes one-time charges or infrequent occurrences.

Net profit

Net profit is the amount of money that is left after you subtract your total business expenses from your total revenue. In other words, it is a calculation that includes almost all financial transactions in your business

ARPU

Average revenue per user (ARPU), sometimes known as average revenue per unit, is a measure used primarily by consumer communications, digital media, and networking companies, defined as the total revenue divided by the number of subscribers.

Market Share

Market share is the percentage of a market accounted for by a specific entity.

Growth

Market growth is the increase or decrease in the size of a market for a product or service over time. It is typically measured as the percentage change in total sales in an industry or product category

Key comparable

Comparable company analysis is the process of comparing companies based on similar metrics to determine their enterprise value. A company's valuation ratio determines whether it is overvalued or undervalued. If the ratio is high, then it is overvalued. If it is low, then the company is undervalued.

Valuation ratios

A valuation ratio shows the relationship between the market value of a company or its equity and some fundamental financial metric (e.g., earnings). The point of a valuation ratio is to show the price you are paying for some stream of earnings, revenue, or cash flow (or other financial metric).

Source: Investopedia