**Fundamental Analysis Workbook**

**Accounting Ratios:**

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| **Ratio** | **Description** | **Formula** |
| Operating Profit | A company’s total earnings from its core business functions for a given period, excluding the deduction of interest and taxes. | Revenue – Cost of Goods Sold (COGS) – Operating Expenses – Depreciation and Amortization |
| Net Profit | Calculated as sales minus cost of goods sold, selling, general and administrative expenses, operating expenses, depreciation, **interest, taxes**, and other costs. | Operating Profit – Interest – Tax |
| Earnings Per Share (EPS) | Calculated as a company's profit divided by the outstanding shares of its common stock. |  |
| EPS Growth (%) | Shows the change in EPS. | Where:  = EPS in the previous year  = EPS paid in the current year |
| Price-to-Earnings (P/E) Ratio (%) | Measures its current share price relative to its earnings per share (EPS). |  |
| Price/Earnings-to-Growth (PEG) Ratio (%) | Stock's P/E ratio divided by the growth rate of its earnings for a specified period. |  |
| Operating Margin (%) | Measures how much profit a company makes on a dollar of sales after paying for variable costs of production, such as wages and raw materials, but before paying interest or tax. |  |
| Return on Assets (ROA) (%) | Indicates how profitable a company is concerning its total assets. |  |
| Return on Capital Employed (ROCE) (%) | Measures a company’s profitability in terms of all of its capital. |  |
| Return on Equity (ROE) (%) | A measure of financial performance calculated by dividing net income by shareholders' equity. |  |
| Current Ratio | Is a liquidity ratio that measures a company’s ability to pay short-term obligations or those due within one year. |  |
| Quick Ratio | Indicates a company’s short-term liquidity position and measures its ability to meet short-term obligations with its **most liquid assets**. | Where:  CA = Current Assets  I = Inventory  PE = Prepaid Expenses  CL = Current Liabilities |
| Interest Cover | Debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt. |  |
| Leverage Metric | Measurement of leverage, calculated as a company's interest-bearing liabilities divided by its EBITDA. | (Debt/EBITDA) |
| Net Leverage | Measurement of leverage, calculated as a company's interest-bearing liabilities divided by its EBITDA minus cash or cash equivalents. |  |
| Cash Flow to Capital Expenditures (CF to CAPEX) | Measures a company's ability to acquire long-term assets using free cash flow. A higher CF/CapEX ratio is indicative of a company with sufficient capital to fund investments in new capital expenditures. |  |
| Dividend/share ($) | Represents the sum of declared dividends issued by a company for every ordinary share outstanding. | Where:  D = Sum of dividends over a period  SD = Special, one-time dividends for the period  S = Ordinary shares outstanding for the period |
| Dividend growth (%) | The annualized percentage rate of growth that a particular stock's dividend undergoes over time. | Where:  = Dividend paid in the previous year  = Dividend paid in the current year |
| Dividend cover (%) | The ratio of the total amount of dividends paid out to shareholders relative to the company’s net income. |  |
| Price Target ($) | Analysts’ expectation of long-term price target for the share. | N/A |
| Est. Long Term Growth Rate (%) | Long-term expected growth rate for the share price. | N/A |