P/E ratio = Market price per share/Annual Earnings per share

Systematic Risk + Unsystematic Risk = Total RiskFuture value:

Future Value: $FV_n = PV \times (1+i)^n$

Present value: $PV = \frac{FV_n}{(1+i)^n}$

Present value perpetuity: PV = PMT/i

Future value of annuity $FVA_n = PMT \times \left[\frac{(1+i)^n - 1}{i}\right]$

Present value of annuity $PVA_n = PMT \times \left[\frac{1 - \frac{1}{(1+i)^n}}{i}\right]$

Value of bond $V_b = C \times \left[\frac{1 - \frac{1}{(1+i_b)^n}}{i_b}\right] + \frac{\$1{,}000}{(1+i_b)^n}$

Value of preferred stock $V_p = \frac{d_p}{i_p}$

ROE = Return on Stockholders Equity

Weighted average cost of capital: $k_a = w_d \times k_d + w_p \times k_p + w_e \times k_e$

Cost of internal equity (CAPM): $k_j = R_f + (R_m - R_f) \times \beta_j$

Cost of external equity: $P_0 = \frac{d_1}{(k_e - g)}$

Net cash flow: = Δ Earnings before taxes x (1 – t) + Δ Depreciation - Δ Net working capital

NPV: $NPV = CF_1/(1+r) + CF_2/(1+r)^2 + CF_3/(1+r)^3 - NI$

$$PI = 1 + \frac{NPV}{\text{Net Investment}}$$

Add: IRR; MIRR