Market capitalization is the aggregate market value of a company represented in dollar amount.

Market Cap = Price Per Share x Number of Shares

Enterprise value (EV) is a measure of a company's total value, often used as a more comprehensive alternative to equity market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet.

EV = MC + Total Debt−C

where:

MC=Market capitalization; equal to the current stock price multiplied by the number of outstanding stock shares

Total debt=Equal to the sum of short-term and long-term debt

C=Cash and cash equivalents; the liquid assets of a company, but may not include marketable securities

Trailing price-to-earnings (P/E) is a relative valuation multiple that is based on the last 12 months of actual earnings.

Trailing P/E Ratio = Current Share Price / Trailing 12-Month EPS

The forward P/E ratio estimates a company's likely earnings per share for the next 12 months. The forward P/E ratio is favored by analysts who believe that investment decisions are better made based on estimates of a company's future rather than past performance.

The price-to-sales ratio (Price/Sales or P/S) is calculated by taking a company's market capitalization (the number of outstanding shares multiplied by the share price) and divide it by the company's total sales or revenue over the past 12 months. The lower the P/S ratio, the more attractive the investment. Price-to-sales provides a useful measure for sizing up stocks.

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