

AI-00479 Trailing 12 Month EPS TTM

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What is EPS? What is a trailing EPS in a stock means? What is the relationship and relevance to the current price, future price and forecast of the health of the company? How can I utilize a trailing EPS to assess the health of a company, show me how?

Earnings per share (EPS) is a measure of a company's profitability. It is calculated by dividing the company's net income by the number of outstanding shares. EPS is a widely used metric by investors to assess the value of a stock.

Trailing EPS is a company's EPS over the previous four quarters. It is a historical measure of profitability, but it can be used to get a sense of how well a company is doing financially.

Relationship and relevance to current price, future price, and forecast of the health of the company:

EPS is a key factor that investors consider when determining the value of a stock. A company with a higher EPS is generally considered to be more profitable and more valuable than a company with a lower EPS.

Trailing EPS can be used to assess the current health of a company, but it is important to note that it is a historical measure. It is possible for a company with a high trailing EPS to experience a decline in earnings in the future.

Investors can also use trailing EPS to forecast the future health of a company. For example, if a company has a history of consistent EPS growth, investors may be more likely to believe that the company will continue to grow its earnings in the future.

However, it is important to note that past performance is not indicative of future results. It is possible for a company's EPS to decline even if it has a history of consistent

growth.

How to utilize trailing EPS to assess the health of a company:

To utilize trailing EPS to assess the health of a company, you can compare it to the company's historical EPS growth rate. If the trailing EPS is higher than the historical EPS growth rate, it is a good sign that the company is growing its earnings.

You can also compare the company's trailing EPS to the trailing EPS of other companies in the same industry. This can help you to determine how the company is performing relative to its peers.

Finally, you can consider the company's trailing EPS in conjunction with other financial metrics, such as price-to-earnings ratio (P/E ratio) and debt-to-equity ratio. This can give you a more complete picture of the company's financial health.

Example:

Let's say that you are interested in investing in Company X. You look at the company's financial statements and see that the trailing EPS is \$10.00 per share. You also see that the company's historical EPS growth rate is 5%.

This means that the company's EPS is growing faster than its historical growth rate. This is a good sign that the company is growing its earnings.

Next, you compare the company's trailing EPS to the trailing EPS of other companies in the same industry. You see that the company's trailing EPS is higher than the average trailing EPS of its peers. This means that the company is performing better than its peers.

Finally, you consider the company's trailing EPS in conjunction with other financial metrics, such as P/E ratio and debt-to-equity ratio. You see that the company has a reasonable P/E ratio and a low debt-to-equity ratio.

Overall, the company's trailing EPS suggests that it is a healthy company with good growth potential.

Conclusion:

Trailing EPS is a useful metric for assessing the health of a company. However, it is important to note that it is a historical measure. Investors should also consider other factors, such as the company's future growth prospects and its financial position, when making investment decisions.