Current vs Expected

The value of a company is not only based on how much it is making now but on how much it is making now plus how much it is expected to make in the future. Because of this analysts make forcasts on how much they expect the company to make in the future and base their evaluation on those numbers as well.

EPS next Year: This is the expected EPS based on the expected earnings for the company for next year (based on street estimates) and today's stock price.

Forward P/E: This is similar to the regular P/E ratio, except that the price of the stock is divided by the “expected” earnings per share of next fiscal year.

Some investors like to buy companies that are already making steady income and some investors like to invest in companies that haven't even made a penny yet but that are expected to make a killing in the future. We categorize these companies as: