Summary

Financial Metrics to refer	How to evaluate ?
① Dividend Yield (DY) $DY = \frac{\text{Ann. div per share}}{\text{current share price}}$	- ↑ the better - > 6% = > FD rate - company that has a trailing 12-month DY or forward ≥ 3% - Refer to DPR and share price also - DPR ↑ ⇒ Ann. div per share ↑ ⇒ DY ↑ ⇒ Good. - Share price ↓ ⇒ DY ↑ ⇒ Bad.
② Dividend Payout Ratio (DPR) $DPR = \frac{\text{Annual dividend}}{\text{Net Income Attributed to commm shareholders.}}$	- 20-50% considered healthy. - too high % ⇒ company not reinvesting enough in its business to generate future growth - too low % ⇒ not a good dividend stock
③ Earnings per share (EPS) ⇒ usually is inside the income statement	- EPS ≥ 80 considered good - But have to be careful as companies can boost their EPS figure through stock buybacks that reduce the # of outstanding shares. * 看 buybacks 多少看 annual reports 的 treasury share ⇒ 越高越不好
④ Return on equity (ROE) $ROE = \frac{\text{Annual Net Income}}{\text{Total shareholder Equity for period.}}$	- 15-20% considered good. - ROE ≥ the average for company's sector (same business)
⑤ Expected Growth (EG) EG = ROE × (1 - Payout Ratio)	- ↑ the better - EG = 0 ⇒ Payout Ratio (100%) ⇒ company reinvestment ↓ ⇒ ↓ growth.
⑥ Earnings yield (EY) $EY = \frac{EPS}{\text{stock price per share.}}$	- ≥ 7% - ↑ the better
⑦ Price-to Earnings Ratio (PE) $PE = \frac{\text{Stock's current price}}{\text{latest EPS}}$	- 20 - x as the average PE ratio range - ↓ the better check and compare the PE ratio of the stock with its historical mean and to other companies in the same industries.
⑧ P/B	- < 1.0 are typically considered solid investment by value investors Ask !!! - ↓ the better
⑨ P/CF	- ↓ the better (Refer to Dr. Chew excel)
⑩ D/E (Debt-to-equity ratio)	- D/E < 1.0 ⇒ good - D/E > 2.0 ⇒ risky.

(11) Dividend Coverage Ratio (DCR) DCR = Net income per share / Dividend per share. - flipping of DPR	- ↑ the better.
(12) Dividend Growth Rate	Refer back to the book
(13) Free cash flow Coverage	Refer back to the book.

Financial Healths Ratio	How to evaluate ?
① Current Ratio $CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	- ↑ the better - CR > 1.5 ⇒ Good.
② Quick Ratio $QR = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$	- ↑ the better - QR > 1.0
③ Times Interest Earned (TIE) $TIE = \frac{\text{Operating Income}}{\text{Interest Payment}}$ & Cash Flow Coverage (CFC) $CFC = \frac{CFFO}{\text{Interest}}$	↑ the better