<table>
<tr><th>No</th><th>Term</th><th>Definition</th><th>Example</th></tr>
<tr><td>1</td><td>Price/Earnings ratio</td><td>- The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS), used to evaluate a stock, determine whether a stock is overvalued or undervalued.
- A high P/E ratio could mean that a company's stock is overvalued, or that investors are expecting high growth rates in the future.
- Usage:
- A P/E ratio holds the most value to an analyst when compared against similar companies in the same industry or for a single company across a period.
- Equation:
$$P/E\ Ratio = \frac{\text{Market value per share}}{\text{Earnings per share}}$$
Link for more details:
https://www.investopedia.com/terms/p/price-earningsratio.asp</td><td>- If there's two companies and both have the same price per share 18 $.
- The first one has EPS = 2 $,
- This means P/E = 9, so every 9 dollar you will pay the company will get 1 dollar as earning.
- The second company has EPS = 6$, this means P/E = 3$, so every 3 dollars you will pay, the company will get 1 dollar as earning.
- From this scenario. The second company is better to invest, but keep in mind its only one value, you should see many KPIS to decide.</td></tr>
<tr><td>2</td><td>Earnings Per Share (EPS)</td><td>- a company's profit divided by the outstanding shares of its common stock.
- The resulting number serves as an indicator of a company's profitability.
- The higher a company's EPS, the more profitable it is considered to be.
- Usage:
- A EPS used to compared against similar companies in the same industry or for a single company across a period.
$$= \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{End-of-Period Common Shares Outstanding}}$$
Link for more details:
https://www.investopedia.com/terms/e/eps.asp</td><td></td></tr>
<tr><td>3</td><td>Dividends</td><td>- the distribution of a company's earnings to its shareholders and is determined by the company's board of directors.
    - Many companies do not pay dividends and instead retain earnings to be invested back into the company.</td><td></td></tr>
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No	Term	Definition	Example
4	**Dividend Yield**	- shows how much a company pays out in dividends each year relative to its stock price. - It's important for investors to keep in mind that higher dividend yields do not always indicate attractive investment opportunities because the dividend yield of a stock may be elevated as the result of a declining stock price. - New companies that are relatively small, but still growing quickly, may pay a lower average dividend than mature companies in the same sectors. In general, mature companies that aren't growing very quickly pay the highest dividend yields. - **Usage:** - investors will generally look for companies that offer high dividend yields, but it is important to dig deeper in order to understand the circumstances leading to the high yield. - **Equation:** $\text{Dividend yield} = \text{annual dividends per share} \div \text{price per share}$ **Link for more details:** https://www.investopedia.com/terms/d/dividendyield.asp	- The dividend yield is a financial ratio that tells you the percentage of a company's share price that it pays out in dividends each year. For example, if a company has a $20 share price and pays a dividend of $1 per year, its dividend yield would be 5%. If a company's dividend yield has been steadily increasing, this could be because they are increasing their dividend, because their share price is declining, or both. Depending on the circumstances, this may be seen as either a positive or a negative sign by investors.
5	**Market Capitalization**	- Market capitalization is the total dollar value of all outstanding shares of a company at the current market price. - Companies may be categorized as large-, mid-, or small-cap depending on their market capitalization..	
6	**EBITDA**	- earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance and is used as an alternative to net income in some circumstances. - EBITDA can be used to compare companies against each other and industry averages. $\text{EBITDA} = \text{Net Income} + \text{Taxes} + \text{Interest Expense} + \text{Depreciation \& Amortization}$	

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7	**Price-to-Sales (P/S) Ratio**	- The price-to-sales (P/S) ratio is a valuation ratio that compares a company’s stock price to its revenues. - It is an indicator of the value that financial markets have placed on each dollar of a company’s sales or revenues. - The price-to-sales (P/S) ratio shows how much investors are willing to pay per dollar of sales for a stock. - A low ratio could imply the stock is undervalued, while a ratio that is higher-than-average could indicate that the stock is overvalued. - **Usage:** - investors will generally look for companies that offer high dividend yields, but it is important to dig deeper in order to understand the circumstances leading to the high yield. - **Equation:** $\text{P/S Ratio} = \frac{MVS}{SPS}$ **Link for more details:** https://www.investopedia.com/terms/p/price-to-salesratio.asp	-
8	**Price / book ratio**	- Investors use the price-to-book value to gauge whether a company's stock price is valued properly. - A P/B ratio with lower values, particularly those below one, signals to investors that a stock may be undervalued. - A P/B ratio that's greater than one means that the stock price is trading at a premium to the company's book value. - Usage - the P/B ratio should be compared with companies within the same sector. $P/B\ ratio = \frac{market\ price\ per\ share}{book\ value\ per\ share}$ **Link for more details:** https://www.investopedia.com/investing/using-price-to-book-ratio-evaluate-companies/	
9	**Return on Equity (ROE)**	- measures a company's profit as a percentage of the combined total worth of all ownership interests in the company. - The higher the ROE, the better a company is at converting its equity financing into profits. - Return on Equity (ROE) Definition (investopedia.com)	

No	Term	Definition	Example
10	**Diluted EPS**	- metric used in fundamental analysis to gauge a company’s quality of EPS assuming all convertible securities have been exercised. Convertible securities include all outstanding convertible preferred shares, convertible debt, equity options (mainly employer-based options), and warrants. - Diluted EPS accounts for shares that are not yet outstanding but could be in the future. - **Equation:** $\text{Diluted EPS} = \frac{\text{Net Income} - \text{Preferred Stock Dividends}}{\text{Average Outstanding Shares} + \text{Dilutive Shares}}$ **Link for more details:** [Earnings Per Share (EPS) vs. Diluted EPS: What’s the Difference? (investopedia.com)]	-
11	**Current Ratio**	- is a liquidity ratio that measures a company’s ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables. - What counts as a good current ratio will depend on the company’s industry and historical performance. As a general rule, however, a current ratio below 1.00 could indicate that a company might struggle to meet its short-term obligations, whereas ratios of 1.50 or greater would generally indicate ample liquidity. $\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$ - **Link for more details:** [Current Ratio Definition (investopedia.com)]	industry
12	**Debt-to-Equity (D/E) Ratio**	- is used to evaluate a company's financial leverage and is calculated by dividing a company’s total liabilities by its shareholder equity. $\text{Debt/Equity} = \frac{\text{Total Liabilities}}{\text{Total Shareholders' Equity}}$ - - [Debt-to-Equity (D/E) Ratio Definition (investopedia.com)]	

No	Term	Definition	Example
13	**Quick Ratio**	- is an indicator of a company's short-term liquidity position and measures a company's ability to meet its short-term obligations with its most liquid assets. - The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are generally more difficult to turn into cash. $QR = \frac{CA - I - PE}{CL}$ **where:** $QR =$ Quick ratio $CE =$ Cash & equivalents $MS =$ Marketable securities $AR =$ Accounts receivable $CL =$ Current Liabilities $CA =$ Current Assets $I =$ Inventory $PE =$ Prepaid expenses - **Link for more details:** Earnings Per Share (EPS) vs. Diluted EPS: What's the Difference? (investopedia.com)	-
14	**Gross Margin**	- Gross margin is net sales less the cost of goods sold (COGS). In other words, it's the amount of money a company retains after incurring the direct costs associated with producing the goods it sells and the services it provides. $\text{Gross Margin} = \text{Net Sales} - \text{COGS}$ - **Link for more details:** Gross Margin Definition (investopedia.com)	industry
15		-	