

Return on Equity (ROE)	$ROE = \frac{Income}{Equity}$ <p>Profitability ratio.</p>
Return on Assets (ROA)	$ROA = \frac{Income}{Assets}$ <p>Profitability ratio.</p>
DuPont Equation	$ROE = (Profit\ Margin) \times (Asset\ Turnover) \times (Equity\ Multiplier)$ <p>Breaks ROE down into sources of profitability.</p>
Profit Margin	$Profit\ Margin = \frac{Earnings}{Revenue}$ <p>Profitability ratio.</p>
Quick Ratio/Acid-Test Ratio	$Quick\ Ratio = \frac{Cash + Accounts\ Receivable + Short\ Term\ Investments}{Current\ Liabilities}$ <p>Liquidity ratio. Measures the ability to meet short-term liabilities using short-term assets. More conservative than the current ratio because it excludes inventories from short-term assets. Also known as the Acid-Test Ratio.</p>
Current Ratio	$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$ <p>Liquidity ratio. Measures the ability to meet short-term liabilities using short-term assets.</p>
Debt Ratio	$Debt\ Ratio = \frac{Total\ Debt}{Total\ Assets}$ <p>Leverage ratio. Measures the percentage of assets financed by debt</p>
Equity Multiplier	$Equity\ Multiplier = \frac{Assets}{Equity}$ <p>Leverage ratio. Increased use of debt will result in more assets for a given amount of equity. Part of the DuPont equation.</p>
Inventory Turnover Ratio	$Inventory\ Turnover\ Ratio = \frac{Cost\ of\ Goods\ Sold}{Average\ Inventories}$ <p>Efficiency ratio. Measures how efficiently inventories are managed (using fewer inventories for the same amount of sales is better)</p>
Asset Turnover	$Asset\ Turnover\ Ratio = \frac{Revenue}{Assets}$

	<p>Efficiency ratio. Measures how efficiently assets are used. Sometimes will use sales instead of revenue.</p>
Interest Coverage Ratio	$\text{Interest Coverage Ratio} = \frac{EBIT}{\text{Interest Expense}}$ <p>Leverage ratio. Measures ability to make interest payments on debt from operating income.</p>
Dividend Payout Ratio	$\text{Dividend Payout Ratio} = \frac{\text{Dividends}}{\text{Earnings}}$ <p>Fraction of earnings paid to investors as dividends.</p>
Retention Ratio (Plowback Ratio)	$\text{Retention Ratio} = 1 - \text{Dividend Payout Ratio}$ <p>Fraction of earnings reinvested in the company.</p>
Price-Earnings Ratio (P/E Ratio)	$\frac{P}{E} = \frac{\text{Stock Price}}{\text{Earnings per Share}}$ <p>Valuation ratio. Cost of stock per dollar of earnings.</p>
PEG Ratio	$\text{PEG Ratio} = \frac{P/E}{g}$ <p>Valuation ratio. Relates a company's P/E ratio to its earnings growth rate. g is measured as a percentage.</p>