



YIC

YOUTH
INVESTMENT
CLUB

Stock Valuation Metrics

P/E, P/S, P/B, EV/EBITDA, FCF, Debt/Equity, Gross Margin, Net Margin

P/E (Price to Earnings)

- Formula: Share Price / EPS
- Where: Share price (ticker), EPS (income statement)
- Tells you: Price per \$1 of profit
- High = growth expectations or expensive
- Low = undervalued or weak growth

P/S (Price to Sales)

- Formula: $\text{Market Cap} / \text{Revenue}$
- Where: Market cap (ticker), Revenue (income statement)
- Tells you: Price per \$1 of sales
- High = growth expected
- Low = cheaper or slow growth

P/B (Price to Book)

- **Formula: Share Price / Book value**
- **Book value = Assets - Liabilities**
- **Where: Balance sheet**
- **Tells you: Value vs assets**
- **High = intangibles or expensive**
- **Low = undervalued or weak assets**

EV/EBITDA

- Formula: Enterprise Value / EBITDA
- EV: Market cap + debt – cash
- Where: Balance sheet + income statement
- Tells you: Value incl. debt vs core profit
- High = pricey or high growth
- Low = cheaper/mature

FCF Yield

- Formula: $(\text{FCF} / \text{Market Cap}) \times 100$
- FCF: Operating Cash Flow - CapEx
- Where: Cash flow statement
- Tells you: Real cash left
- High = strong
- Negative = spending or trouble

Debt to Equity

- Formula: $\text{Total Debt} / \text{Shareholder Equity}$
- Where: Balance sheet
- Tells you: Financial risk
- High = risky
- Low = safer

Gross Margin

- Formula: $((\text{Revenue} - \text{COGS}) / \text{Revenue}) \times 100$
- Where: Income statement
- Tells you: Product profitability
- High = pricing power
- Low = low pricing power

Net Margin

- Formula: $(\text{Net Income} / \text{Revenue}) \times 100$
- Where: Income statement
- Tells you: Actual profit kept
- High = very profitable
- Low = thin margins