

Return on Total Assets (ROA) – A firm's net income divided by its total assets (both debt and equity supported assets). It shows the ability of the firm's assets to generate net income. Interest expense is added back to net income because interest is a form of return on debt-financed assets.

Return on Equity (ROE) – A firm's net income divided by its equity. It shows the ability of the firm's equity to generate profits.

Return on Investment (ROI) – A firm's net income divided by the owner's original investment in the firm.

Earnings per Share – A firm's net income per share of stock.

Market Value Ratios

Price/Earnings Ratio (P/E) – The price per share of a firm is divided by its earnings per share. It shows the price investors are willing to pay per dollar of the firm's earnings.

Price/Cash Flow Ratio – The price per share of a firm divided by its cash flow per share. It shows the price investors are willing to pay per dollar of net cash flow of the firm.

Market-to-book value (M/B) – The market value of a firm is divided by its book value.

... and justice for all

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