Defensive interval –

the example used: total current assets / total operating expenses – d&a / 365.

I used: quick assets / daily operational expenses /365.

Quick assets = cash & cash equivalents + marketable securities + accounts receivable, net

Daily operational expenses = annual operating expenses – noncash charges (+interest expenses)

**Question:** Why are total current assets used instead of quick assets?

Inventory days –

solved example uses normal inventory.

I use average inventory = inventory at beginning of period + inventory at end of period /2

**Question:** What is the difference between normal inventory and average inventory?

Ebit –

I used: revenue (net sales) – cogs – operating expenses.

Example uses operating income.

**Question:** ebit is just operating income?

d/e ratio –

example uses: Term debt / total shareholder equity.

I used: total liabilities / total shareholders’ equity.

**Question:** Looking back at it now, I presume ‘term debt’ for non-current & current liabilities are considered long term and short-term debt?

Debt to total assets –

example uses: Term debt / total liabilities & shareholder equity.

I used: total debts/ total assets.

Total debts = short + long term debt

Time interest earned –

example used: ebit / repayments of term debt.

I used: ebit/ interest expenses.

**Question:** What is considered repayment of term debt?

Long term debt to capital –

example used: Term debt / term debt + total liabilities & shareholder equity.

I used: long term debt / long term debt + shareholder equity (preferred stock, common stock)

**Question:** why total liabilities & shareholder equity is used instead of shareholder equity?

Debt coverage –

example used: Ebit / repayment of term debt + cash paid for interest.

I used: ebit / total debt service.

Total debt service = long term debt + short term debt

Fcfe –

Example used: Cash generated by operating activities + capex + Proceeds from/ (Repayments of) commercial paper, net.

I used: cash flow from operations – capital expenditures + net debt.

**Question:** What is (Repayments of) commercial paper, net?

Free cash flow per share –

Example used: fcfe/ shares used in computing earnings per share: diluted.

I used: fcfe / shares outstanding.

**Question:** what are shares used in computing earnings per share: diluted?

Total asset turnover –

example used: Total assets / total net sales.

I used: total (net) sales / beginning assets + ending assets /2 (assets at beginning and end of year)

**Question:** what is the difference between total assets & assets at beginning and end of year /2?

ROA –

Example used: net income / total assets.

I used: net income / total assets.

/2 x100

Total assets: (total assets at end of period and total at beginning of period)/2

p/e ratio –

example used: 157.44 / eps diluted.

I used: market price per share/ earnings per share.

Eps –

Example uses net income / Shares used in computing earnings per share: diluted.

I used: net income / shares outstanding.

Price to book value:

Example used: 157.44/ book value per share.

I used: market price per share / book value per share.

**Question:** is 157.44 the market price for a different period? My market price was for the last day of the year (2020,2021,2022).

Book value per share:

example used: Total shareholders’ equity / Shares used in computing earnings per share: diluted.

I used: total shareholder equity / number of shares outstanding.

Roe –

Example used: net income / Shares used in computing earnings per share: diluted.

I used: net income / shareholders’ equity.

X100

Roce –

Example used: ebit / term debt + total shareholder equity.

I used: EBIT / capital employed.

X100

Capital employed – total assets – current liabilities.

Ev –

Example used: 157.44 x Shares used in computing earnings per share: diluted + term debt – cash and cash equivalents.

I used: market capitalization + total debt – cash and cash equivalents.

Market capitalization – current share price x total number of shares outstanding