

## Profit

$$\text{Sales revenue growth} = \left( \frac{\text{New sales revenue}}{\text{Old sales revenue}} \right) - 1$$

$$\text{Gross profit margin} = \frac{\text{Gross profit}}{\text{Sales revenue}}$$

$$\text{EBIT margin} = \frac{\text{Operating profit (EBIT)}}{\text{Sales revenue}}$$

$$\text{Margin attrib. to shareholders} = \frac{\text{Profit attrib. to shareholders}}{\text{Sales revenue}}$$

$$\text{LS ratio} = \frac{\text{Labour costs}}{\text{Sales revenue}}$$

$$\text{ROCE} = \frac{\text{Operating profit (EBIT)}}{\text{Capital employed}}$$

$$\text{ROE} = \frac{\text{Profit attributable to shareholders}}{\text{Shareholders equity}}$$

## Use of assets and gearing

$$\text{Asset turnover} = \frac{\text{Sales revenue}}{\text{Capital employed}}$$

$$\text{Debt/Equity} = \frac{\text{Long term debt}}{\text{Shareholders equity}}$$

$$\text{Gearing} = \frac{\text{Long term debt}}{\text{Shareholders equity} + \text{Long term debt}}$$

## Investor ratios

$$\text{EpS (p.)} = \frac{\text{Profit attributable to shareholders}}{\text{No of shares}}$$

$$\text{EpS growth (\%)} = \frac{(\text{EpS old} - \text{EpS new}) * 100}{\text{EpS old}}$$

$$\text{Dividends per shares (p.)} = \frac{\text{Dividends}}{\text{No of shares in CIRC}}$$

$$\text{Dividends growth (\%)} = \frac{(\text{DpS old} - \text{DpS new}) * 100}{\text{DpS old}}$$

$$\text{Dividends yield (\%)} = \frac{\text{DpS}}{\text{Market value of a share}}$$

$$\begin{aligned} \text{Price/Earnings} &= \frac{\text{Market value of a share}}{\text{Earnings per share}} \\ &= \frac{\text{Market value of a share}}{\frac{\text{Profit attrib. to shareholders}}{\text{No of ordinary shares}}} \end{aligned}$$

## MVA, EVA, TSR

$$\begin{aligned} \text{MVA (£)} &= \text{Market value added} \\ &= (\text{Share price} * \text{No of shares}) \\ &\quad - \text{Shareholder equity} \end{aligned}$$

$$\text{MVA (£) per year} = \text{MVA this year} - \text{MVA last year}$$

$$\begin{aligned} \text{EVA (£)} &= \text{Economic value added} \\ &= \text{Profit attrib. to shareholders} \\ &\quad - (\text{Cost of equity} * \text{Shareholders equity}) \end{aligned}$$

$$\begin{aligned} \text{TSR ratio (\%)} &= \text{Total shareholder retention ratio} \\ &= \frac{(\text{New share price} - \text{Old share price}) + \text{New dividend per share price}}{\text{Previous share market value}} \end{aligned}$$

$$\text{New dividends per share price (p.)} = \frac{\text{Dividends}}{\text{Shares in CIRC}}$$

$$\begin{aligned} \text{TSR (£)} &= \text{Total shareholder retention} \\ &= ((\text{New no of shares} * \text{New share value}) \\ &\quad + \text{New dividends}) \\ &\quad - ((\text{Old no of shares} * \text{Old share value}) \\ &\quad + \text{Old dividends}) \end{aligned}$$

## Cash based ratios

$$\text{EBITDA (£)} = \text{Operating profit (EBIT)} + \text{Depreciation}$$

$$\begin{aligned} \text{Cash EPS (p.)} &= \frac{\text{EBITDA}}{\text{No of shares}} \\ &= \frac{\text{Operating profit (EBIT)} + \text{Depreciation}}{\text{No of shares}} \end{aligned}$$

$$\begin{aligned} \text{Cash ROCE (\%)} &= \frac{\text{EBITDA}}{\text{Capital employed}} \\ &= \frac{\text{Operating profit (EBIT)} + \text{Depreciation}}{\text{Capital employed}} \end{aligned}$$

Managing Financial Value Drivers - Measuring Shareholder Value  
Bogdan Ciocoiu - [bogdan.ciocoiu@pmunit.com](mailto:bogdan.ciocoiu@pmunit.com)