

# Flipside Finance

**AN IN-DEPTH**

**LOOK INTO THE**

**MARKET-VALUE  
ASPECT**



# PRICE-TO-EARNINGS RATIO

Formula

$$\frac{\text{Market Price per Share}}{\text{Earning per Share}}$$

Use Case

Measures the valuation of a company relative to its **earnings**.

Nuances

A higher P/E ratio may indicate **higher growth** expectations but can also suggest **overvaluation**.

Example

If a stock is trading at \$40 per share, and the EPS is \$4, the P/E ratio is 10.

Industry Benchmarks

Consumer Goods	15-25
Technology	20-40
Real-Estate	15-25
Finance/Banking	10-20
Energy/Resources	20-30
Pharma	15-25

Sources: <https://fullratio.com>  
<https://www.investmentzen.com>



# PRICE-TO-SALES RATIO

Formula

$$\frac{\text{Market Price per Share}}{\text{Revenue per Share}}$$

Use Case

Evaluates a company's stock price relative to its **revenue**.

Nuances

Useful for companies with **low** or **negative** earnings.

Example

If the stock price is \$30, and revenue per share is \$15, the P/S ratio is 2.

Industry Benchmarks

Retail	1.0-2.0
Technology	5 - 15
Automotive	0.5-1.5
Finance/Banking	1.0-2.0
Energy	0.5-2.0
Pharma	3.0-5.0

Sources: <https://fullratio.com>  
<https://www.readyratios.com>  
<https://www.bdc.ca>



# DIVIDEND YIELD

Formula

$$\frac{\text{Dividends per Share}}{\text{Market Price per Share}} \times 100$$

Use Case

Indicates the return on investment through **dividends**.

Nuances

High dividend yield may indicate **undervaluation** or **financial distress**.

Example

Example: If a stock pays \$2 in dividends, and its market price is \$50, the dividend yield is 4%.

Industry Benchmarks

Retail	2% - 4%
Technology	0.5% - 3%
Energy	3% - 7%
Telecom	3% - 6%
Finance	2% - 5%
Pharma	1% - 4%

Sources: <https://eqvista.com>  
<https://siblisresearch.com>



# EARNINGS YIELD

Formula

$$\frac{\text{Earning per Share}}{\text{Market Price per Share}} \times 100$$

Use Case

Measures the earnings generated by an **investment** relative to its **market value**.

Nuances

**Inversely** related to the P/E ratio, **higher earnings** yield may indicate better value.

Example

If EPS is \$5, and the stock price is \$50, the earnings yield is 10%.

Industry Benchmarks

Retail	4% - 8%
Technology	2% - 5%
Energy/Resources	5% - 10%
Finance/Banking	5% - 12%
Automotive	5% - 9%
Pharma	3% - 6%

Sources: <https://eqvista.com>  
<https://www.readyratios.com>  
<https://www.bdc.ca>



# BOOK VALUE PER SHARE

Formula

$$\frac{\text{Shareholder's Equity}}{\text{No. of Shares Outstanding}}$$

Use Case

Used by Investors to **assess** stock undervaluation **by comparing** it to the market value per share.

Nuances

Book value may not reflect the **market's perception** of a company's worth.

Example

If shareholders' equity is \$500,000, and there are 50,000 shares, the book value per share is \$10.

## Industry Benchmarks

Retail	\$5-\$15
Technology	\$10-\$30
Financials/Banking	\$10-\$15
Manufacturings	\$20-\$40
Utilities	\$30-\$50
REITs	\$20-\$50

Sources: <https://valuationresources.com>  
<https://www.bdc.ca>



# MARKET CAPITALIZATION

Formula

Share Price x No. of Shares Outstanding

Use Case

Evaluates the total **market value** of a company's outstanding shares.

Nuances

Market cap reflects the overall value but doesn't consider the **company's liabilities**.

Example

If the stock price is \$30, and there are 100,000 shares, the market cap is \$3 million.

## Industry Benchmarks

Retail/Staples	————	\$20B - \$500B
Technology	————	\$50B - \$1T
Energy/Resources	—	\$10B - \$300B
Finance/Banking	————	\$10B - \$500B
Utilities	————	\$10B - \$100B
Pharma	————	\$10B - \$500B

Sources: <https://bloomberg.com>  
<https://business.adobe.com>



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