

Ratio Analysis Formula

Cheat Sheet

1. Current Ratio

Current Assets / Current Liabilities

Use: Measures short-term liquidity.

2. Quick Ratio (Acid-Test)

(Current Assets – Inventory) / Current Liabilities

Use: Stricter liquidity measure.

3. Cash Ratio

Cash & Cash Equivalents / Current Liabilities

Use: Measures most conservative liquidity.

4. Gross Profit Margin

(Gross Profit / Revenue) × 100

5. Operating Margin

(Operating Income / Revenue) × 100

6. Net Profit Margin

(Net Income / Revenue) × 100

7. Return on Assets (ROA)

Net Income / Average Total Assets

8. Return on Equity (ROE)

Net Income / Shareholders' Equity

9. Return on Capital Employed (ROCE)

EBIT / (Total Assets – Current Liabilities)

10. Debt-to-Equity Ratio

Total Debt / Total Equity

11. Debt Ratio

Total Debt / Total Assets

12. Interest Coverage Ratio

EBIT / Interest Expense

Use: Indicates how easily a company can pay interest.

13. Financial Leverage Ratio

Total Assets / Total Equity

14. Inventory Turnover

Cost of Goods Sold / Average Inventory

15. Receivables Turnover

Revenue / Average Accounts Receivable

16. Payables Turnover

COGS / Average Accounts Payable

17. Asset Turnover

Revenue / Average Total Assets

18. Days Sales Outstanding (DSO)

(Accounts Receivable / Revenue) \times 365

19. Days Inventory Outstanding (DIO)

(Inventory / COGS) \times 365

20. Days Payables Outstanding (DPO)

(Accounts Payable / COGS) \times 365

21. Cash Conversion Cycle (CCC)

DIO + DSO – DPO

22. Earnings Per Share (EPS)

Net Income / Weighted Average Shares

23. Price-to-Earnings Ratio (P/E)

Market Price per Share / EPS

24. Price-to-Book Ratio (P/B)

Market Price per Share / Book Value per Share

25.Dividend Yield

Dividend per Share / Market Price per Share

26.Enterprise Value (EV)

Market Cap + Total Debt – Cash

27.EV/EBITDA

Enterprise Value / EBITDA

28. EBITDA Margin

EBITDA / Revenue

Used for valuation and comparing operating performance.

29.ROCE (Return on Capital Employed)

EBIT / Capital Employed

→ One of the top ratios used in equity research & credit analysis.

30. Interest Coverage Ratio

EBIT / Interest Expense

Very important for credit risk, lending roles, debt analysis.

31. Debt Service Coverage Ratio (DSCR)

(Net Operating Income / Total Debt Service)

Crucial for banking & project finance interviews.

32. Free Cash Flow (FCF)

Operating Cash Flow – Capex

Used in DCF modelling, valuations, buy-side interviews.

33. PEG Ratio (for equity research roles)

P/E Ratio / Earnings Growth Rate

Shows whether a stock is fairly priced based on growth.

34. Working Capital Cycle (Cash Conversion Cycle)

DSO + DIO – DPO

Tested often in FP&A, corporate finance, supply-chain-related analysis.