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Term	Definition
CapEx	= Capital Expenditures = Investments in long-lived assets (Property, Plant & Equipment). These investments are not expensed but are capitalized (held as assets on the balance sheet) and depreciated over the expected useful life of the asset, usually on a straight-line basis.
COD	= Cost of Debt = Interest (1-t), where t=tax rate. This is the cost of Debt after accounting for the tax-deductibility of interest. A company's cost of borrowing is largely a function of how much debt it has relative to earnings (its leverage ratio), and its ability to cover its interest expenses (interest coverage or fixed-charge coverage ratio). These are key measures the rating agencies consider when rating corporate bonds - the lower the rating, the higher the firm's interest expenses are likely to be.
COE	= Cost of Equity. In CAPM (Capital Assets Pricing Model) theory, COE is calculated as $r_f + B(ERP)$, where r_f =risk-free interest rate (usually 4-6%), B =Beta (usually between 0.8-1.5), and ERP =Equity Risk Premium (usually estimated around 4-6%). This would give a cost of equity for a diversified basket of stocks ($B=1$) a cost ranging from 8-12%. In private equity or other situations implying greater risk (lower liquidity, less diversification, greater leverage, etc.), equity investors are likely to require higher rates of return, say 15, 25 or even 30+ percent depending on the perceived risk.
EBIT	= Earnings Before Interest & Tax. EBIT is the profits of the enterprise after all operating expenses (including depreciation and amortisation) but before the costs of financing (interest) or taxes. Though it is not adjusted for the non-cash expenditures of Depreciation and Amortization, it is probably a better indicator of a firm's cash flow generation because most firms have to maintain a level of Capital Expenditures equal to D&A in order to maintain the asset base to support the business.
EBITDA	= Earnings Before Interest, Tax, Depreciation and Amortisation = EBIT plus non-cash Expenses (D&A). EBITDA is a (poor) approximation of unlevered free cash flow. It's a poor approximation because it only equals Unlevered Free Cash Flow in the event of a firm that requires no incremental investments in Net Working Capital and which can defer Capital Expenditures, even for maintenance/replacement, indefinitely. This is rarely the case, so EBITDA typically over-estimates the enterprise cash flow.
EV	= Enterprise Value = (Market Value Equity + Debt - Cash). Enterprise Value is a measure of the market value of the entire enterprise, not just the value of the common equity (market cap). Technically the calculation should only deduct "excess" or "non-operating" cash, but this would require a subjective judgement so data sources are assumed to be deducting all cash.
EV/'09EBIT	= $EV / (\text{Estimated 2009 Revenue} * \text{TTM Operating Margin})$. This is a proprietary, and admittedly crude estimation of "forward" EBIT that applies the latest operating profit margin to Wall St analysts' revenue estimate for the forward year. This introduces at least some measure of forward sentiment into the figure, much in the same way that investors will often prefer to look at Forward PE rather than trailing PE.

EV/EBIT	= Enterprise Value / EBIT. This measure is very similar to EV/EBIT but it uses the more conservative denominator of EBIT. You might prefer the EV/EBIT multiple if you believe that the firm will at least have to spend an equivalent of D&A, on average, for necessary maintenance and replacement CapEx.
EV/EBITDA	= Enterprise Value / EBITDA. A common valuation metric, especially in the Private Equity (Leveraged Buyout) business. Lenders often express the limit of what they will lend as a multiple of EBITDA such as 5x or 6x EBITDA. They will also require that the loan value be no larger than a certain percentage of the total purchase price, say 75% maximum loan to value. This gives an implied maximum purchase price for the enterprise of about 6.5x to 8x EBITDA ($5/.75 = 6.6$, $6/.75 = 8$). The underwriting standards of course vary by market conditions, industry etc. so the "rule-of-thumb" EBITDA multiple for valuing firms in various industries and at various times likewise varies.
FCF or FCFE	= Free Cash Flow = OCF - CapEx. Buffett refers to this measure as "Owner's Discretionary Earnings" (ODE), it is cash flow available to equity, after capital expenditures, which can be used to build cash reserves, pay down liabilities, buyback stock, or payout in dividends. This cash flow measure can be calculated by subtracting CapEx from OCF, and is available directly at Morningstar.com among other sources. Projected FCFE's are discounted back to the present at the cost of equity capital in performing direct equity discounted cash flow (DCF) valuations.
FCFF or "Unlevered Free Cash Flow"	= Free Cash Flow to the Firm = OCF + Interest expense (1-tax rate) - CapEx. FCFF represents the free cash flow available to the enterprise, as opposed to available only to equity. This is cash available, after investments in NWC and CapEx, to service debt (first), and if money remains to build up cash, pay down liabilities, buyback stock or payout in dividends. Projected FCFF's are discounted back to the present at WACC (Weighted Average Cost of Capital) to estimate the intrinsic value of the Enterprise. Net Debt (Debt - non-operating Cash) is subtracted from the enterprise value to arrive at a value for equity. This approach to valuing equity is considered to be more reliable and less sensitive to small changes in key assumptions than the more direct FCFE DCF methodology.
FY1 and FY2	= Fiscal Year 1 and Fiscal Year 2 = "Current Year" and "Next Year". Wall Street analysts typically provide revenue and EPS estimates for the "current year" (FY1) and the "next year" (FY2) for the companies covered by their research departments. Especially at the beginning of a new year, we find estimates for FY1 still refer to the previous (just finished) year and FY2 actually refers to the present year, whereas others have "moved on" such that FY1 is appropriately the new year and FY2 is the next year. We try to correct for this in our data as much as possible so that we can give you proper forward PE's (i.e. P/'09E and P/'10E), this is an important adjustment when comparing PE's across firms.
IC	= Invested Capital = Book Value Equity + Debt - Cash. Invested Capital represents the sum total of capital, from all sources (Debt and Equity investors) "put to work" in the business. It is the denominator in the calculation of ROIC.

LCF	= Levered Cash Flow = OCF - CapEx + Increases in Net Borrowings. This is an alternate measure of free cash flow to equity provided at Yahoo!Finance. Not unlike FCF except that it also accounts for changes in borrowing (debt). Most analysts would prefer to look at FCF since increases in borrowing can not typically be relied upon as a sustainable source of cash for the equity investor.
Levered	= Accounting for the effects of / presence of debt ("leverage").
LTG	= "Long Term Growth". This is an estimate given by Wall St. (sell-side) analysts for the expected average growth rate in EPS for the next 5 or so years. It is used in calculating the PEG ratio.
NOPAT	= Net Operating Profit After Tax = EBIT (1-t). This is tax-affected EBIT. It represents the After-Tax Operating Profit of the Enterprise if it had no Debt. It is often a stepping stone in the calculation of Unlevered Free Cash Flow, and it is the numerator in the calculation of after-tax ROIC
NWC	= Net Working Capital = Inventory + Accounts Recievable - Accounts Payable (best calculation), but often calculated simply as Current Assets (including cash) - Current Liabilities. Net Working Capital represents cash investments in the operations of the business that are not reflected on the income statement. As such, increases in NWC must be subtracted from income statement figures when calculating various cash flow measures.
OCF	= Operating Cash Flow = Net Income + Non-Cash Expenses - Increases in Net Working Capital = Levered Cash Flow from Operations. This is a measure of cash flow to equity (after interest expense and cash taxes) which can be taken directly from the firms Statement of Cash Flows. CapEx must be subtracted from OCF to arrive at "Free Cash Flow" to equity (FCF).
P/'09E or P/'10E	= Forward Price/Earnings where the denomentator is the average Wall St. estimate for EPS for the noted year. Especially at the beginning of a new year, we find estimates for FY1 still refer to the previous (just finished) year and FY2 actually refers to the present year, whereas others have "moved on" such that FY1 is appropriately the new year and FY2 is the next year. We try to correct for this in our data as much as possible so that we can give you proper forward PE's (i.e. P/'09E and P/'10E), this is an important adjustment when comparing PE's across firms.
PEG or PEG(+)	= Forward PE / Forward LT Growth. This is your typical PEG measure where growth is the Wall St analysts average estimate for Long Term (~5yr) compound growth rate of EPS. Standard rule-of-thum as stated by Jim Cramer and many others is that a stock is fairly valued, typically, at PEG=1 (PEG < 1 = Undervalued, PEG > 1 = Overvalued). This is the PEG that is quoted on Yahoo! Finance, Morningstar, etc.
PEG(-)	= Forward PE / Previous 5yr average Growth. This is one "twist" on the PEG ratio that we provide using a historical figure for LT Growth rather than sell-side analysts' forward estimate.
PEG(*)	= Forward PE / Blended Forward Growth. This is another "twist" on the PEG ration that we provide using a proprietary blended growth rate that incorporates sell-side estimates for EPS growth for FY1, FY2 and Long-term Growth (LTG).

ROE	= Return on Equity = Net Income / Book Value of Equity. ROE is a measure of how well the firm is converting contributed equity capital and turning it into profits. ROE is a measure of levered returns, i.e. it is after the effects of DEBT. ROE is often "broken down" in a "Dupont Analysis" as follows: $ROE = NI/Revenue * Revenue/Assets * Assets/Equity$. In other words, ROE is a function of profit margin, asset turnover and leverage. While the higher the ROE the better, a firm that is relying on excessive debt to elevate its ROE may be a risky investment. As long as $ROIC > WACC$, then increases in Debt (leverage) will increase ROE. Management can pursue this only so far as increases in Debt eventually lead to higher and higher borrowing costs and hence higher WACC.
ROIC	= EBIT/IC (pre-tax ROIC) or NOPAT/IC (after-tax ROIC), where IC = Invested Capital = Book Equity + Debt - Cash. Technically the calculation (like that for EV) should only subtract "excess" (non-operating) cash, but this the judgement of what cash is "excess" is subjective, so data sources can be assumed to be using all cash in the calculation. ROIC is probably the best financial statement measure available to judge management effectiveness and/or the firm's "competitive moat", a concept popularized by Buffett and also Morningstar. A firm that suffers from heavy competition or that has made systematically poor acquisitions and capital expenditures will suffer from a low ROIC and vice versa. The difference between the after-tax ROIC and the firm's WACC is a key indicator of the firm's potential to create value for equity investors. If $ROIC > WACC$, then the firm's continued growth should create excess returns to shareholders, whereas a firm who's ROIC is less than WACC will have to invest too much in order to grow and will actually destroy shareholder value if they continue to grow. This is not necessarily so in the event that for some reason new investments (acquisitions or CapEx) somehow produce much better results than previous investments.
Unlevered WACC	= As if the firm had no debt ("leverage"). = Weighted Average Cost of Capital = $wD(\text{Cost of Debt}) + wE(\text{Cost of Equity})$, where $wD = \text{Debt}/EV$ and $wE = \text{Equity}/EV$. For simplicity, we will often use a WACC = 10%, which is our rule of thumb based on a 50/50 capital structure (Debt/Equity) assuming 8% interest, 36% corporate tax rate, and 15% cost of equity.
Yield or Div/P	= Dividend Yield = Forward Dividend / Price. Other yields are expressed similarly such as Earnings Yield = EPS/P , Operating Cash Flow Yield = OCF/P , etc. Unless otherwise noted, the term "Yield" is assumed to refer to the dividend yield.