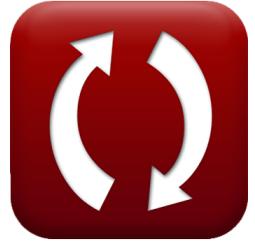




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List of 19 Equity Formulas

Equity

1) Altman's Z Score Model

fx

Open Calculator 

$$\zeta = 1.2 \cdot A + 1.4 \cdot RE + 3.3 \cdot C + 0.6 \cdot D + 1.0 \cdot E$$

ex

$$264300 = 1.2 \cdot 60000 + 1.4 \cdot 3500 + 3.3 \cdot 40000 + 0.6 \cdot 9000 + 1.0 \cdot 50000$$

2) Capital Allocation Line

fx

Open Calculator 

$$ER_P = ((ER_{tb} \cdot W_{tb}) + (ER_S \cdot W_S)) \cdot 100$$

ex

$$8.4 = ((0.03 \cdot 0.30) + (0.10 \cdot 0.75)) \cdot 100$$

3) Dividend Coverage Ratio

fx

Open Calculator 

$$DCR = \frac{NI - PD}{CD}$$

ex

$$12.125 = \frac{100000 - 3000}{8000}$$



4) Dividend Growth Rate 

$$fx \text{ DGR} = \left(\frac{D_2}{D_1} \right) - 1$$

Open Calculator 

$$ex \text{ } 22.33333 = \left(\frac{10500}{450} \right) - 1$$

5) Equal Weighting 

$$fx \text{ } W_i^E = \frac{1}{N}$$

Open Calculator 

$$ex \text{ } 0.066667 = \frac{1}{15}$$

6) Ev to Ebitda Ratio 

$$fx \text{ } Ev \text{ to } EB_{itda} = \frac{E_V}{EBITDA}$$

Open Calculator 

$$ex \text{ } 1.160255 = \frac{1000001}{861880}$$

7) Fisher Price Index 

$$fx \text{ } FPI = \sqrt{LPI \cdot PPI}$$

Open Calculator 

$$ex \text{ } 402.4922 = \sqrt{405 \cdot 400}$$



8) Float-Adjusted Market Capitalisation Index 

$$fx \quad w_i^{fM} = \frac{f_i \cdot Q_i \cdot P_i}{\sum(x, 1, N, (f_i \cdot Q_i \cdot P_i))}$$

Open Calculator 

$$ex \quad 0.066667 = \frac{0.85 \cdot 350 \cdot 130}{\sum(x, 1, 15, (0.85 \cdot 350 \cdot 130))}$$

9) Justified Forward Price to Earnings Ratio 

$$fx \quad JF_{PE} = \frac{\frac{D}{EPS}}{Re - g}$$

Open Calculator 

$$ex \quad 1.8E^{-7} = \frac{\frac{25}{700}}{200000 - 0.20}$$

10) Laspeyres Price Index 

$$fx \quad LPI = \left(\frac{\sum(x, 1, 2, (P_i^F \cdot Q_i^B))}{\sum(x, 1, 2, (P_i^B \cdot Q_i^B))} \right) \cdot 100$$

Open Calculator 

$$ex \quad 400 = \left(\frac{\sum(x, 1, 2, (40 \cdot 65))}{\sum(x, 1, 2, (10 \cdot 65))} \right) \cdot 100$$

11) Margin Account Value 

$$fx \quad MAV = \frac{ML}{1 - MM}$$

Open Calculator 

$$ex \quad 20000 = \frac{12000}{1 - 0.40}$$



12) Margin Call Price 

$$fx \text{ MCP} = P_0 \cdot \left(\frac{1 - \text{IMR}}{1 - \text{MMR}} \right)$$

Open Calculator 

$$ex \text{ } 43636.36 = 120000 \cdot \left(\frac{1 - 0.80}{1 - 0.45} \right)$$

13) Market Capitalization Index 

$$fx \text{ } w_i^M = \frac{Q_i \cdot P_i}{\sum(x, 0, N, (Q_i \cdot P_i))}$$

Open Calculator 

$$ex \text{ } 0.0625 = \frac{350 \cdot 130}{\sum(x, 0, 15, (350 \cdot 130))}$$

14) Marshall-Edgeworth Price Index 

$$fx \text{ MEI} = \frac{\text{LPI} + \text{PPI}}{2}$$

Open Calculator 

$$ex \text{ } 402.5 = \frac{405 + 400}{2}$$

15) Maximum Leverage Ratio 

$$fx \text{ MLR} = \frac{1}{\text{IMR}}$$

Open Calculator 

$$ex \text{ } 1.25 = \frac{1}{0.80}$$



16) Momentum Indicator 

$$fx \quad M_i = \left(\frac{CP_s}{CP_s^n} \right) \cdot 100$$

Open Calculator 

$$ex \quad 80 = \left(\frac{28}{35} \right) \cdot 100$$

17) Paasche Price Index 

$$fx \quad PPI = \left(\frac{\sum(x, 1, 3, (P_i^F \cdot Q_i^F))}{\sum(x, 1, 3, (P_i^B \cdot Q_i^F))} \right) \cdot 100$$

Open Calculator 

$$ex \quad 400 = \left(\frac{\sum(x, 1, 3, (40 \cdot 100))}{\sum(x, 1, 3, (10 \cdot 100))} \right) \cdot 100$$

18) Price to Cash Flow Ratio 

$$fx \quad PCFR = \frac{C_{shp}}{O_{cf}}$$

Open Calculator 

$$ex \quad 2 = \frac{8400000}{4200000}$$

19) Sustainable Growth Rate 

$$fx \quad SGR = RR \cdot ROE$$

Open Calculator 

$$ex \quad 3.6 = 0.15 \cdot 24$$



Variables Used

- **A** Working Capital
- **C** Earnings Before Interest and Taxes
- **C_{shp}** Current Share Price
- **CD** Common Dividend
- **CP_s** Closing Price of Particular Stock
- **CP_sⁿ** Closing Price of Stock N Days Ago
- **D** Dividend
- **D₁** Current Year Dividend
- **D₂** Previous Year Dividend
- **D.** Market Value of Equity
- **DCR** Dividend Coverage Ratio
- **DGR** Dividend Growth Rate
- **E** Total Sales
- **E_v** Enterprise Value
- **EBITDA** EBITDA
- **EPS** Earnings Per Share
- **ER_p** Expected Return on Portfolio
- **ER_s** Expected Return of Stock
- **ER_{tb}** Expected Return on Treasury Bill
- **Ev to EB_{itda}** Enterprise Value to Ebitda Ratio
- **f_i** Fraction of Shares Outstanding
- **FPI** Fisher Price Index



- **g** Growth Rate
- **IMR** Initial Margin Requirement
- **JF_{PE}** Justified Forward Price to Earnings Ratio
- **LPI** Laspeyres Price Index
- **M_i** Momentum Indicator
- **MAV** Margin Account Value
- **MCP** Margin Call Price
- **MEI** Marshall Edgeworth Price Index
- **ML** Margin Loan
- **MLR** Maximum Leverage Ratio
- **MM** Maintenance Margin
- **MMR** Maintenance Margin Requirement
- **N** Number of Securities in the Index
- **NI** Net Income
- **O_{cf}** Operating Cash Flow
- **P₀** Initial Purchase Price
- **P_i** Price of the Security
- **PCFR** Price to Cash Flow Ratio
- **PD** Preferred Dividend
- **P_i^B** Price in Base Period
- **P_i^F** Price in Final Period
- **PPI** Paasche Price Index
- **Q_i** Number of Shares Outstanding of Security
- **Q_i^B** Quantity in Base Period
- **Q_i^F** Quantity in Final Period



- **Re** Cost of Equity
- **RE** Retained Earnings
- **ROE** Return on Equity
- **RR** Retention Ratio
- **SGR** Sustainable Growth Rate
- **W_S** Weight of Stock
- **W_{tb}** Weight of Treasury Bill
- **W_i^E** Equal Weighting
- **w_i^{fM}** Float Adjusted Market Capitalisation
- **w_i^M** Market Capitalization
- **ζ** Zeta Value



Constants, Functions, Measurements used

- **Function:** **sqrt**, sqrt(Number)

A square root function is a function that takes a non-negative number as an input and returns the square root of the given input number.

- **Function:** **sum**, sum(i, from, to, expr)

Summation or sigma (Σ) notation is a method used to write out a long sum in a concise way.



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