Tangible Book Value Per Share - TBVPS

What is a 'Tangible Book Value Per Share - TBVPS'?
A tangible book value per share (TBVPS) is a method of valuing a company on a per-share basis by measuring its equity after removing any intangible assets, and the tangible book value per share is calculated as follows:

\[
\frac{\text{Total Tangible Assets}}{\text{Total Number of Shares Outstanding}} = \text{Tangible Book Value Per Share - TBVPS}
\]

A company's tangible book value looks at what common shareholders can expect to receive if the firm goes bankrupt and all of its assets are liquidated at their book values, and intangible assets, such as goodwill, are removed from this calculation because they cannot be sold during liquidation. Companies with high tangible book value per share provide shareholders with more insurance in case of bankruptcy.

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BREAKING DOWN 'Tangible Book Value Per Share - TBVPS'
The tangible book value per share (TBVPS) focuses solely on the value of an organization's tangible assets. Once the value of the tangible assets is determined, that amount is divided by the number of shares currently outstanding.

Purpose of Tangible Book Value Per Share Valuation
The TBVPS provides an estimate of what each share would be valued at should the company go bankrupt and be forced to sell their assets. Since certain intrinsic characteristics, such as good will or employee knowledge, cannot be liquidated for a price, any value in those intangibles are not included in the estimate. The TBVPS applies only to physical items that can be handled and sold.

Examples of Tangible Assets
An organization's tangible assets can include any physical products the company produces, as well as any materials used to create them. Should an organization be in the business of producing bicycles, any completed bicycles, any unused bicycle parts and any raw materials (such as metal for fabrication) would qualify as tangible assets. The value of these assets is determined based on what price they would draw should the company need to liquidate, most commonly in the event of a bankruptcy.

Aside from assets related to the production of a product, any equipment used to create the product can also be included. This can include any tools or machinery required to complete production as well as any real estate owned and used for the purposes of production. Additional business equipment, such as computers and filing cabinets, may also be considered a tangible asset for the purpose of valuation.

Understanding Book Value

https://www.investopedia.com/terms/t/tbvps.asp
Book value refers to the ratio of stockholder equity to the number of shares. It is taken into account only the *accounting valuation*, which may not be an accurate reflection of current market valuation.

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  - Calculated as the total assets of a company, minus any intangible...

- **Tangible Asset**
  - A tangible asset is an asset that has a physical form, and includes...

- **Acquisition Adjustment**
  - An acquisition adjustment pertains to the premium a business...

- **Tangible Common Equity (TCE) Ratio**
  - The tangible common equity (TCE) ratio measures a firm's tangible...

- **Price to Tangible Book Value -**
  - Price to tangible book value is a valuation ratio expressing...

- **Tangible Cost**
  - A tangible cost is a quantifiable cost related to an identifiable...

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