

# STOCK VALUATION

GUIDE TO CALCULATIONS



# EARNING PER SHARE

EPS

$$DIV_1 = DIV_0 * (1 + g)$$

Retained Earnings Ratio (%)

$1 - b$

Dividend Payout Ratio (%)

$$b = \frac{DIV}{EPS}$$

Constant Growth Yield

$$PV = \frac{DIV_1}{r - g}$$

Fixed Yield


$$PV = \frac{DIV}{r}$$

Growth rate

$$g = (1 - b) * ROE$$

Return on Equity

$$ROE = \frac{EPS}{Equity}$$



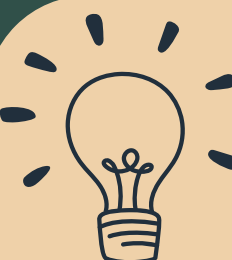
**PV**  
theoretical  
exchange rate



**PV**  
market rate



**Worth  
buying**



**PV**  
theoretical  
exchange rate



**PV**  
market rate



**Worth  
selling**

