Shares & Dividends

Intermediate value
= dividend valuation method

Value per share = \( P_0 = \frac{D_0 (1 + g)}{r - g} \) (formula given)

\( r \) refers to the return on equity which is the same as the cost of equity \( (k_e) \).

\( D_0 = \text{Dividend} \)
\( P_0 = \text{Amount shareholders are prepared to pay per share now} \)

Total Shareholder Return
Dividend Yield + Capital Gain or Dividend + Change in Share Price
Share Price at Start of the Year

Earnings per Share
Profit after Tax – Dividend paid on Preference Shares
Number of ordinary shares issued

<table>
<thead>
<tr>
<th>Price / Earning Ratio</th>
<th>Earnings Yield</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price per share</td>
<td>EPS</td>
<td>Market price per share</td>
</tr>
<tr>
<td>EPS</td>
<td></td>
<td>Dividend Cover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nr of Shares</td>
</tr>
<tr>
<td>TERP</td>
<td>= ( \frac{(\text{No. of old shares x old share price} + \text{No. of new shares x New share price})}{\text{Total no. of shares (old + new)}} )</td>
<td></td>
</tr>
</tbody>
</table>

Dividend Yield
\( \frac{\text{Dividend per share}}{\text{Market price per share}} \times 100 \)

Dividend Cover
Profit after Tax – Dividend paid on Preference Shares
Dividend paid to Ordinary Shareholders