Shares & Dividends

Intermediate value

= dividend valuation method

Value per share =
$$P_0 = \frac{d_0 (1+g)}{r_e - g}$$
 (formula given)

re refers to the return on equity which is the same as the cost of equity (ke).

 D_0 = Dividend

 P_0 = Amount shareholders are prepared to pay per share now

Total Shareholder Return

Dividend Yield + Capital Gain

or

<u>Dividend + Change in Share Price</u> Share Price at Start of the Year

Earnings per Share

<u>Profit after Tax – Dividend paid on Preference Shares</u>

Number of ordinary shares issued

Price / Earning Ratio

Market price per share

EPS

Earnings Yield

EPS

EPS or

r <u>Dividends</u>

TERP

Theoretical Ex Rights Price

(No. of closs ares x old share price + No. of new shares x New share price)

Total no. of shares (old + new)

Divice Cold

x 100

Dividend per share

Market price per share

Willend Cover

<u>Profit after Tax – Dividend paid on Preference Shares</u>

Dividend paid to Ordinary Shareholders