



Value prediction

Period

2015 - 2027

\$20

Current price

\$51.28

Est. future price

PRICE

ROE

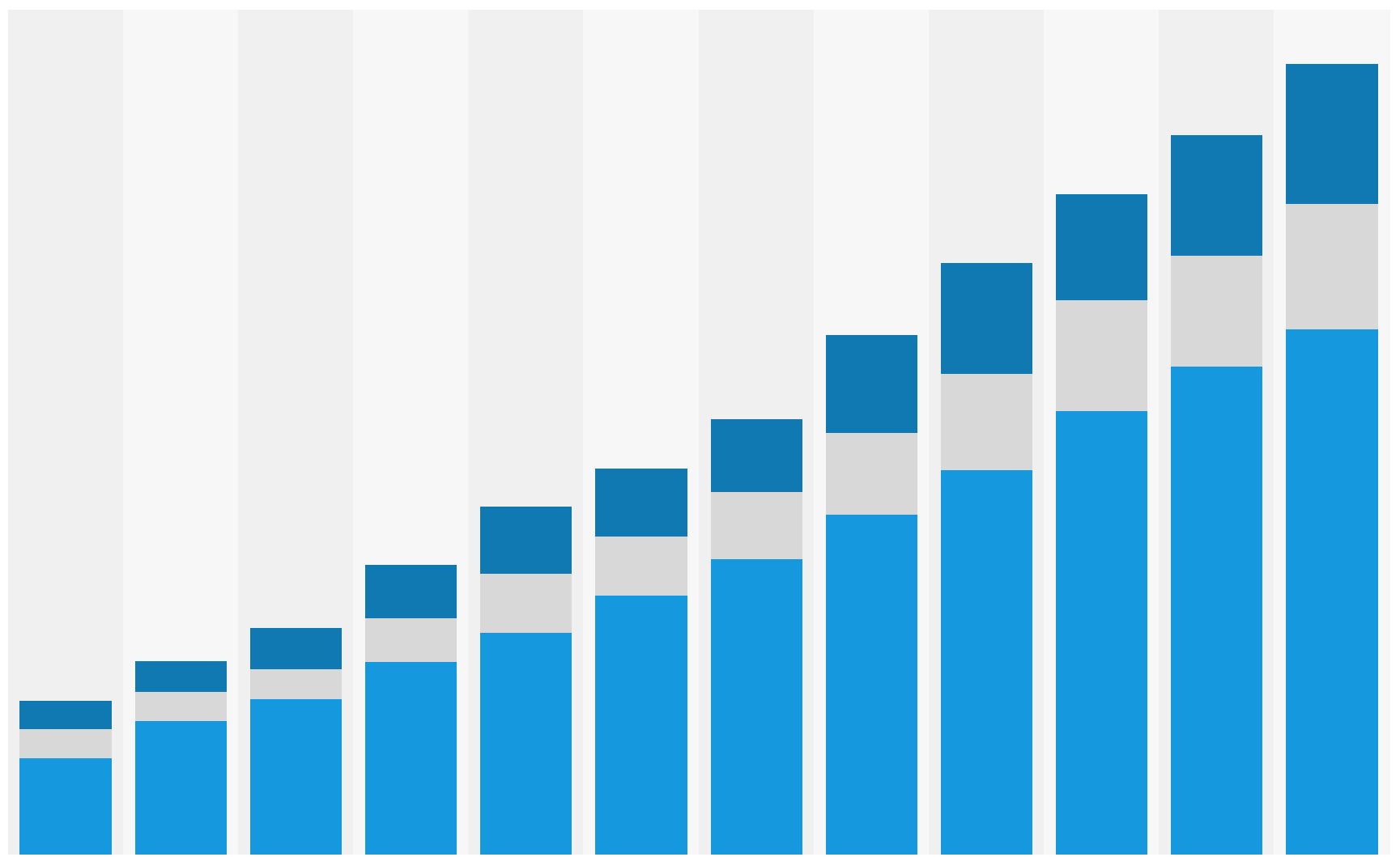
TABLE

RESET

ROE value prediction

Mon Oct 19

show more



PE



ROE



Dividend Payout



Value prediction

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ROE

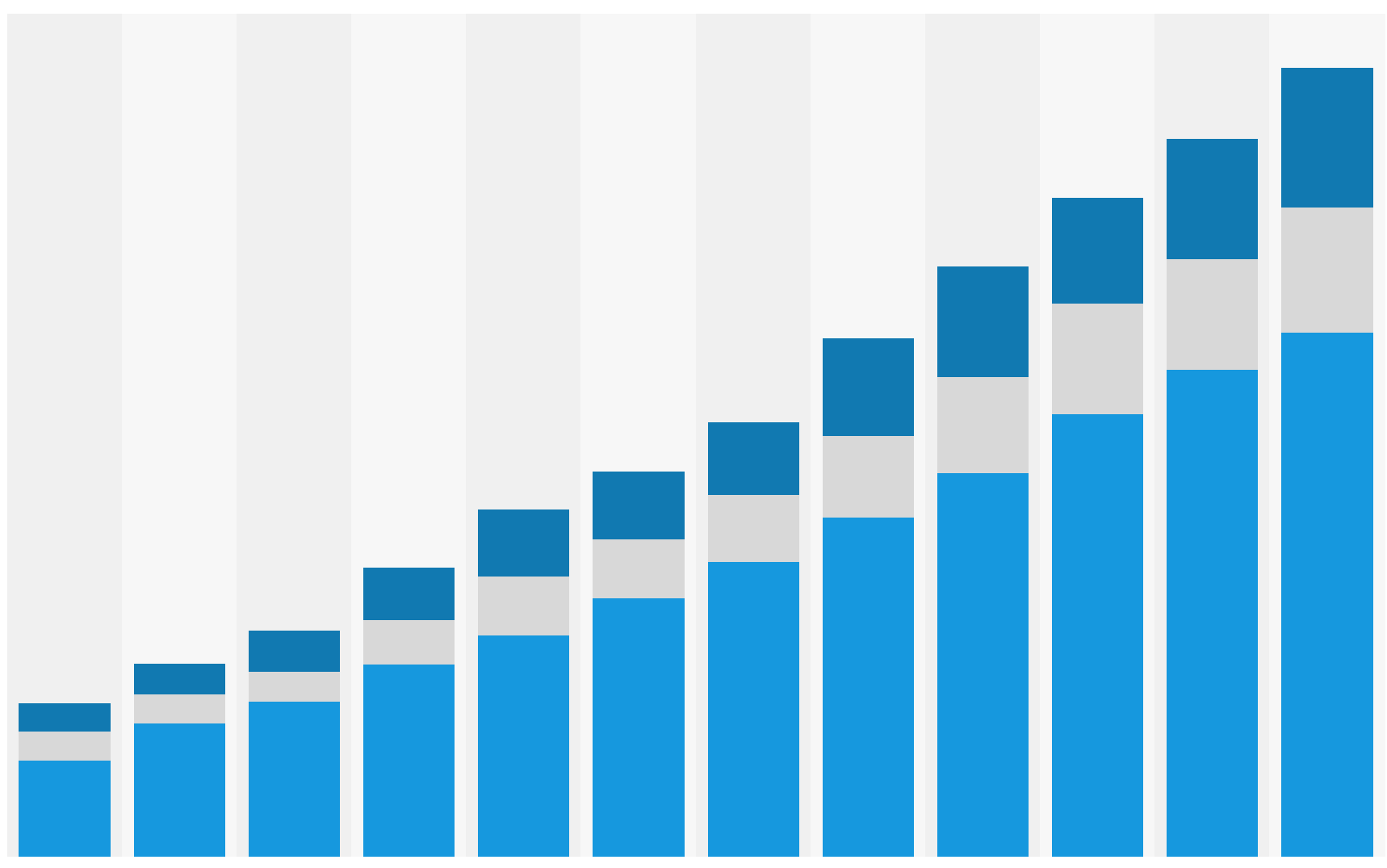
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Dividends

\$42.28

Retained earnings

\$4.00

Retained earnings

\$5.00

Accumulated dividends per share

\$18.53

Future price including dividends

\$70.41

Compounding return

\$13.41



John L. Freeman



Stock value prediction



How it works



Menu item

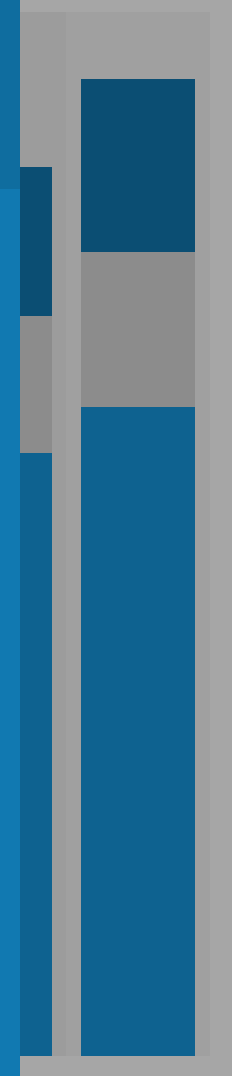


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10

20 %



How can I estimate a company's future stock price and the compounding annual return?

John

We know!

Tap on each step to find out more.

Step 1:

Calculate the future earnings and dividends using the Return on Equity ratio

Step 2:

Calculate the future stock price using the Price to Earnings ratio

Step 3:

Calculate total returns that include dividends

Step 4:

Calculate the compounding stock return from today's price to future price



Step 2: But how do I calculate the future stock price from future earnings?

John

I know!

Since we know the future earnings, we can use the **Price to Earnings ratio** calculation to determine the **future stock price**.



What is the Price to Earnings ratio?

The price to earnings ratio (PE Ratio) is the measure of the share price relative to the annual net income earned by the firm per share. PE ratio shows current investor demand for a company share.

$$\text{The PE ratio} = \frac{\text{Stock Price (per share)}}{\text{Earnings (per share)}}$$

OVERVIEW

