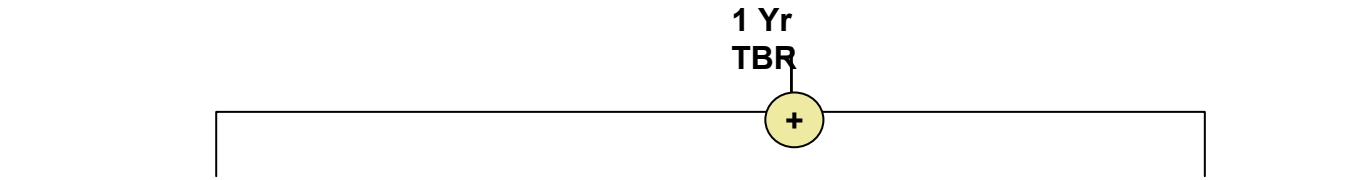
TBR Is A Function Of CE Growth and, PE and ROE



$$= \frac{PE_1 \times CE_1 - PE_0 \times CE_0}{PE_0 \times CE_0}$$

$$= \frac{CE_1 - \Delta \text{ Capital}}{PE_0 \times CE_0}$$

$$= \frac{CE_1 - \left(\frac{CE_1}{RO E_1} - \frac{CE_0}{RO E_0}\right)}{PE_0 \times CE_0}$$

$$= \frac{CE_0\left[(1 + CE \text{ Growth } \%) \times PE_1\right] - PE_0}{CE_0 \times PE_0}$$

$$= CE_0 \times [(1 + CE \text{ Growth } \%) - \{(1 + CE \text{ Growth } \%)/ROE_1 - 1/ROE_0\}]/(CE_0 \times PE_0)$$

$$= \frac{(1+ CE \text{ Growth } \%) \times PE_1 - 1}{PE_0}$$

$$= [(1 + CE \text{ Growth } \%) - \{(1 + CE \text{ Growth } \%)/ROE_1 - 1/ROE_0\}]/PE_0$$

All expressed in terms of PE, ROE, CE Growth

* ROE, = $\frac{CE;}{\text{Capital}}$, hence $\frac{CE;}{\text{Capital}}$ = ROE;