

encore international
case study essay
sample



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It is impossible to predict in the fashion industry as success is contingent upon trends of the public. There is however a way to predict what the market should yield by virtue of data available. The firm's current book value per share is forty and twenty four dollars. There is a difference in the values as there is a difference in the growth rate. In part a, the stock price is based on current book value. In part d value of stock is calculated by dividing model of growth rate and growth taken up is consistent. The firm's current P/E ratio is 6% the current required return is 9.08% and the new required return assuming the firm expands into European and Latin Americans markets goes as planned is 9.74%. Providing the securities analysts are correct and there is no growth in future dividends, the value per share of Encore stock \$113.37 and \$50.82