

Answer on Question #45828 – Math – Other

Problem.

The price-earnings ratio of a stock that sells for \$46.75 per share and earns \$4.25 per share is..?

Solution.

The price-earnings ratio is equal to

$$P/E = \frac{P}{EPS}$$

where P is price per share and EPS is earning per share. Hence

$$P/E = \frac{46.75}{4.25} = 11.$$

Answer: $P/E = 11.$