This study aims to determine the influence of financial ratios and economic value added on stock price of property and real estate companies listed in IDX. There are two independent variables; financial ratios and economic value added (EVA). The dependent variable is stock price. The research uses purposive sampling method for selecting the samples resulted in 14 qualified companies during 2012-2014. Analysis of the data in this study using multiple regression analysis. Test results shows the variable that significantly influences the stock price is Financial Ratios. This finding explains that earning per share and price earning ratio is successful for being the proxy of profitability that logically be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that EPS and PER have been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained. It can be concluded that the financial manager of the company has been able to fulfill the expectations of shareholders which is to manage the assets optimally so as to produce the desired profit. Meanwhile, Economic Value Added (EVA) has a insignificant influence on stock price. It means that when the EVA value of company increase, not necessarily the return will be received by investors will also rise, and vice versa. This shows that EVA analysis is not used as a basis for decision making for investors to make purchases or disposals of the company's shares and also not used by the management company in decision-making for dividend.

Keywords: financial ratios, economic value added, stock price.

A. INTRODUCTION

Nowadays, investment becomes most attractive thing in the society. Investment is a method for company optimizing surplus cash. By invest, the company fund will not be idle.
According to Bodie et al. (2011:2) investment is not only in the form of real assets (such as land, buildings, and machines) that can be used to produce goods and services, but it can also in the form of financial assets (such as stocks and bonds). The capital market facilitates people who want to invest their money into securities and other financial assets.

Ehrhardt and Brigham (2008:123) implied that from an investor’s standpoint, predicting the future is what financial statement analysis is all about, while from management’s standpoint, financial statement analysis is useful both as a way to anticipate future conditions and, more important, as a starting point for planning actions that will influence the future of course events.

The capital market experts stated that the analysis of financial performance is one of the best ways to know everything about the company’s stock price movements. The analysis on the company financial data needs to be done to obtain a description of the quality of performance of a company. Financial ratio analysis is an analytical tool used by companies to assess the financial performance based on data contained in the financial statements in order to maximize the performance of the company in the future.

The financial statement is rated as the most important thing for the basic considerations in making investment decisions. Therefore, the company that issues stocks should report the financial statements periodically to the public. It is expected that stock prices can quickly react to the published information so that it will be achieved an easily liquefied, efficient, fair, and transparent securities trading. In the current economic volatility, debt becomes very crucial for the investors, because with high inflation rate, the purchasing power of money becomes lower, which makes the investors would receive high risk that is too high to be acceptable.

According to the studies on the influence of firm financial performance to stock price conducted by Furda (2012), this research found that the variables of Price Earning Ratio show no influence on stock price. On the other hand, Kurnia (2013) found the finding that Debt Equity Ratio (DER) had no influence on stock price. While Earning Per Share (EPS) significantly influenced the stock price. Furthermore, Sari (2013) examined four variables as their impact on stock price, which are Earning Per Share (EPS), Net Profit Margin (NPM), Economic Value Added (EVA) and Return On Equity (ROE). The first three ratios were exposed to have no significant influence and the remaining one has influence on stock return. According to Pratiwi (2015), the factors that had significant influence on stock price were Current Ratio and Return On Assets (ROA). However, this research found the variable of Debt Equity Ratio (DER) show no influence on stock price.

Rojabyyanto (2011) examined financial ratios related to their impact on stock price and the finding showed that there was no influence from both Return On Equity (ROE) and Debt Equity Ratio (DER). At the same time, Earning Per Share (EPS) positively influenced the stock price. Pratama (2015) pointed out that Dividend Yield negatively influenced on stock price. On the other hand, Raymond (2002) found the finding that Dividend Yield (DY) had no influence on stock price. While Price Earning Ratio (PER) significantly influenced the stock price.

This research uses the Property and Real Estate companies as the object of the research with the consideration that the demand for property and real estate will continue to exist as the population increases. Therefore, there are still many prospective home buyers in the
future. Based on Economic Daily Balance, the prospects of property business in Indonesia became one of the most aggressive growth. The inconsistency result of the previous researches have inspired the researcher to review the influence of firm financial performance on stock price that will be examined in property and real estate companies subsector registered in IDX from 2012-2014.

B. LITERATURE REVIEW

THEORETICAL FRAMEWORK

Value Relevance Theory

Lev and Zarowin (1999) mentioned that the relevance of accounting values is characterized by the quality of accounting information. Francis and Schipper (1999) provide a more comprehensive understanding by mentioning four possible constructive interpretations of value relevance. First, the financial statement information affects the stock price because it contains the intrinsic value of the stock so that it affects the stock price. Second, financial statement information is a relevant value when it contains variables that can be used in the assessment model or predict those variables. Third, statistical relationships are used to measure whether investors actually use the information in pricing, so that relevant value is measured by financial statement information capabilities to change the stock price as it causes investors to improve their expectations. Fourth, value relevance is measured by financial statement information capabilities to capture a variety of information that affects share value.

The value relevance of accounting information is the ability of an information generated by the financial statements in describing a company's stock price. The higher the value relevance of financial statements, the report further describes the state of the company that actually seen from its stock price. Information to be relevant if the information has benefits, in accordance with the actions to be performed by users of financial statements. Or in other words, relevant is the ability of the information to influence the decision of the manager or other financial statement users so that the existence of such information to change or to support their expectations about the results or consequences of any actions taken.

Investment

Reilly and Brown (2012:4) stated that an investment is the current commitment of dollars for a period of time in order to derive future payments. It is believed that people who are giving up their money for investment will have expected to receive a greater amount of money in the future than what they have in present days. Based on Reilly and Norton (1999:6), investment is the current commitment of dollars for a period of time in order to derive future payments that will compensate the investor for (1) the time the funds are committed, (2) the expected rate of inflation, and (3) the uncertainty of the of the future payments.

In contrast to real assets, financial assets are stocks and bonds. These assets, per se, do not represent a society’s wealth. They indirectly contribute to the productive capacity since each of them is categorized as intangible property and representing a claim on ownership of an entity that can be split into particular percentages of interest for potential buyers in the market. Financial assets certainly contribute to the society’s wealth of the individuals or firms
holding them. This is because financial assets are claims to the income generated by real assets or claims on income from the government.

**Financial Statements Analysis**

According to Horne (2002:691), to evaluate the financial condition and performance of a company, the financial analyst needs certain yardsticks. The yardstick frequently used is a ratio, or index, relating two pieces of financial data to each other. Using the interpretation of various ratios would produce a better understanding for the users about the company’s health rather than relying only on financial data alone.

White et al. (2003:4) believed that the underlying objective of financial analysis that is a comparative measurement of risk and return to make investment or credit decisions. These decisions require estimations of the future, be it a month, a year, or a decade. Transactions are generally measured at their historical cost, which will be producing highly objective and verifiable results.

According to Schroeder (2009:115), individual investors use all available information to assist in acquiring or disposing of the securities contained in their investments portfolios that are consistent with their risk preferences and the expected returns offered by their investments. Financial information of company, as the reliable and relevant data, is the primary sources for investors in constructing a fundamental analysis before carrying out any kind of trading decisions – such as buy, hold, or sell securities. The financial statement analysis, will result in overview the financial condition that include potential of the company, and the problems that occur in the company.

**Profitability Ratios**

The Profitability is one of the internal proxies that can show company’s ability in meeting its obligation as presented in the form of Net Profit Margin (NPM), Return On Assets (ROA), and Return On Equity in this research. Level can be the main value evaluated by the investors before making any trading decision since the objective of any kind of investing activities is for generating profit.

**Market Ratios**

Earning Per Share (EPS), as the part of market ratios, will inform the investor about the way the company is operating. Investment valuation ratios as represented Price Earning Ratio (PER) is shows what the market is willing to pay for a stock based on its current earnings. Investment valuation ratios as represented by Dividend Yield (DY) in this quantitative study is the measurement of how much cash flow the investors are getting for each dollar invested in an equity position. Besides that, there are also some external proxies examined in this research as their abilities in influencing stock price through cost of capital, called economic value added.

**Economic Value Added (EVA)**

One technique for measuring a company's financial performance is Economic Value Added (EVA). EVA first introduced by Stern Stewart and Co. Empirical studies concerning Economic Value Added (EVA) as an indicator of the company's performance appraisal has been done both among colleges and among practitioners of economics, as well as an assessment of the relationship EVA with stock prices. However, there are some studies that the results vary. Some claimed there was no correlation between EVA with stock prices, but there is also a relationship between the two states, whether they are positive or negative.
Stock Price

Stock prices occurred in the stock exchange at a certain time. The stock price could turn up or down quickly. The stock price can change in few minutes even in a matter of seconds. The stock price depends on the demand and supply between buyers of shares with sellers of shares (Darmadji and Fakhrudin, 2012: 102).

Furthemore, the stock price may reflect the investor’s expectation on the factors of earnings, cash flow and rate of return as required by investors, which is these three factors also highly influenced by macroeconomic performance (Tandelilin, 2010: 133).

HYPOTESIS DEVELOPMENT

Net Profit Margin and Stock Price

Higher Net Profit Margin (NPM) provides a value will be the company's success in carrying out the mission of their owners. Companies are able to generate profits will affect investors or prospective investors to make investment. Value relevance theory stated that first, the relevance of accounting values is characterized by the quality of accounting information. If NPM listed in financial statement is good, it shows that the value relevance is also good. If the value of the company is good, the more investors is interested in stocks of companies so that the demand will increase and lead to the increase in the stock price.

Research conducted by Firmansyah (2014) about the influence of ROA, ROE, and NPM on stock prices on food and beverage companies listed on the Stock Exchange stated that the Net Profit Margin (NPM) partially affect significantly and positively related to the stock price. It shows each change NPM will not affect the value of the stock price significantly and positively related. This is consistent with a previous study conducted by Arofah (2015) about the influence of NPM, ROA, ROE on stock prices with a case study on the company's food and beverage stating that the F-test and t test showed that the variables NPM partially and simultaneously influence positive and significant influence on stock prices.

H1 = Net Profit Margin (NPM) has a positive influence on stock price

Return On Assets and Stock Price

Theoretically, the ROA has a positive influence on stock prices, due to the high value of ROA indicates the efficiency of the company management in managing its assets to make a profit, so it will increase the value of the company, eventually will increase the demand for stocks and increase the market price of it shares.

Research conducted by Juarini (2007) on the analysis of the effect of the company's financial performance as measured by EVA and profitability ratio of the stock price at the banking company listed on the JSE stated that partial ROA significant effect on stock prices. This suggests that the greater the value of a company's ROA, signaling that companies are getting better at increasing the wealth of its shareholders, so ROA may affect the stock price on the reaction of investors of the information that reached the company's performance. This is consistent with previous research conducted by Firmansyah (2014), which states that partially and simultaneously, ROA positive and significant effect on stock prices.

H2 : Return On Assets (ROA) has a positive influence on Stock Price.

Return On Equity and Stock Price

Theoretically the ROE has a positive influence on stock prices. Any increase in ROE certainly will increase the confidence of the investors of the company. So investors will be interested to buy the shares published by companies, thereby causing stock price to rise.
Conversely, if the company has a low level of ROE, the interest of investors to company stock is going down, thus causing downs of stock prices.

Research conducted by Manaha (2013) on the analysis of the influence of ROA, ROE, NPM, and EPS on stock prices of banks in the private national banks listed on the Stock Exchange stated that the partial ROE significant effect on stock prices. ROE is often used by investors in making purchasing decisions a company's stock. The higher income means that the desired wish of these shares to be purchased. This is consistent with previous research conducted by Firmansyah (2014), which states that the partial ROE has a positive and significant impact on stock prices.

H3 : Return On Equity (ROE) has a positive influence on Stock Price.

Earning Per Share and Stock Price

Earnings Per Share (EPS) is one form of the ratio of the market (market ratio) obtained by dividing the company's net income by the number of shares outstanding. The EPS ratio measures the profitability from the perspective of ordinary shareholders. Information on the company's ability to generate income can help investors to assess the company's ability to generate good cash flow in the future.

Research conducted by Ramos (2011) about the effect of EPS and PER on stock prices with PBV as a moderator variable in LQ 45 index constituent companies listed on the Stock Exchange stated that the partial EPS significantly influence stock prices. This suggests that investors consider the level of profitability generated by the company so that the company has good financial performance in that it has a high level of profitability could stimulate investor. This is consistent with previous research conducted by Zaini (2008), which states that partially EPS positive and significant effect on stock prices.

H4 : Earning Per Share (EPS) has a positive influence on Stock Price.

Price Earning Ratio and Stock Price

Price Earnings Ratio (PER) describes the market's appreciation against the company's ability to generate profits. This ratio indicates the degree of investor confidence in the company's future performance. Associated with the investment decisions either buy or sell stocks, investors should conduct an assessment of the stock. Is the issuer's shares are considered undervalued (cheap) or overvalued (expensive). Rate undervalued or overvalued a stock can be done in two ways: by determining the intrinsic value of stock and by calculation of price earnings ratio (PER). Value relevance theory stated that first, the relevance of accounting values is characterized by the quality of accounting information. If PER listed in financial statement is good, it shows that the value relevance is also good. If the value of the company is good, the more investors is interested in stocks of companies so that the demand will increase and lead to the increase in the stock price.

Research conducted by Ramos (2011) about the effect of EPS and PER on stock prices with PBV as a moderator variable in LQ 45 index constituent companies listed on the Stock Exchange stated that the partial PER has a positive and significant impact on stock prices. The results of this study prove that many investors use PER approach in stock assessment. PER good level, which means the fair-value and capable of stimulating investors in making financial decisions. This is consistent with previous research conducted by Irfrianto (2015) which states that the PER has a significant and positive influence on stock prices.

H5 : Price Earning Ratio (PER) has a positive influence on Stock Price.
Dividend Yield (DY) and Stock Price

Dividend yield ratio indicates the yield that the investors can expect by purchasing stock. Dividend yield is the relation between a stock's annual dividend payout and its current stock price. When the dividend yield remains high, the company's shares also turn out to be more attractive in investor's eyes since the dividend distribution is the strong indication of a company's continuing success. Value relevance theory stated that first, the relevance of accounting values is characterized by the quality of accounting information. If DY listed in financial statement is good, it shows that the value relevance is also good. If the value of the company is good, the more investors is interested in stocks of companies so that the demand will increase and lead to the increase in the stock price.

Research conducted by Adiguna (2013) on the analysis of the influence of EPS, PER and DY and the flow of foreign funds bluechips stock price changes and the share price on the Stock Exchange of second-line states that partially DY has a positive effect on stock prices. This indicates that the company's dividend policy had a positive impact on the share price on the stock. Dividend policy tends to majority shareholders control device for managing the assets of the company by the management. If the decision is not satisfactory dividend for shareholders, this will have a negative impact (reduction) for the share price in the period ahead. This is consistent with previous research conducted by Selsera (2012) which states that in partially DY has a positive influence on stock prices.

H₆ : Dividend Yield (DY) has a positive influence on Stock Price.

Economic Value Added and Stock Price

Model EVA is one gauge of performance measure added value in a given period. This added value is created when the company earned a profit above the cost of capital firms. Systematically, EVA is calculated from the profit after tax reduced by the annual cost of capital. If positive EVA indicates the company has created wealth.

EVA is a tool used to measure the real value of the company as measured by information that is contained financial statement of the company. If EVA listed in financial statement is good, it shows that the value relevance is also good. If the value of the company is good, the more investors is interested in stocks of companies so that the demand will increase and lead to the increase in the stock price.

Research conducted by Juarini (2007) on the analysis of the effect of the company's financial performance as measured by EVA and profitability ratio of the stock price at the banking company listed on the JSE stated that partial EVA has a significant influence on stock prices. Values EVA positive regression coefficient indicates that the higher the EVA value, the better the company's financial performance and stock prices will increase. In other words, companies can create added value for the owners of capital. This is consistent with previous research conducted by Mughni (2013) which states that the partial and simultaneous EVA has a positive and significant impact on stock prices.

H₇ : Economic Value Added (EVA) has a positive influence on Stock Price.

C. RESEARCH METHOD

Type of Research

This research uses quantitative method to analyze the research data. According to Creswell (2009:4), quantitative research is a mean for testing objective theories by examining the
relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures.

Type of research implemented in this study for testing the impact of independent variables against the dependent variable is explanatory research. Explanatory research requires hypothesis designed in accordance with the existing theory to know how significant the causal relationship among those variables tested. This research is a replication from the previous researchers but this study uses different research object, which is Property and Real Estate sub-sector during 2012 until 2014. In addition, this research is aimed at comparing the connection of variables applied on condition of companies listed in Indonesian Stock Exchange.

**Population and Sample**

Population refers to the entire group of people, events, or things of interest that the researcher aims to investigate. The amount presented in the population can be limited or even unlimited. Researchers usually concern only a certain size which is designed as a representative of the population, or commonly known as a sample (Sekaran and Bougie 2009: 262). In this research, the population is companies that are listed in Indonesian Stock Exchange in Property and Real Estate sub-sector. The total companies in the sub-sector of Property and Real Estate listed in IDX is 49 companies. After sampling process, companies that can meet the criteria made by the researcher are only 14, thus there are 14 companies examined in this research.

**Type and Data Source**

The data used in this research is secondary data. Which are obtained from books and periodicals, government publications economic indicators, census data, statistical abstracts, databases, media, corporate annual reports, etc. (Sekaran and Bougie 2009: 184). The secondary data used in this research is the combination of time series and cross section data. Time series data are generated from the observation of one or several variables during certain periods or years. While, the cross section is the data collected from multiple sample units or entities in the same time. Time series data can be inferred in this research as the data gathered from three-year-annual report of Property and Real Estate companies from 2012 to 2014.

**Dependent Variable**

The dependent variable is the variable of primary interest to the researcher. Based on Creswell (2009:50), dependent variable is the outcomes or results of the influence of the independent variables. The researcher’s goal is to understand and describe the dependent variable, or to explain its variability, or predict it. Dependent variable, also known as the criterion variable, is the center interest that researcher aims to investigate related to how other variables influence it and moreover find solution to the research problems. Dependent variable studied in this research is stock price at the time of closing price.

**Independent Variable**

**Net Profit Margin**

According to Van Horne and Wachowicz JR (2009: 222), Net Profit Margin is used to measure the ratio of net profit after tax by sales produced. The Net Profit Margin shows how much of each sales dollar shows up as net income after all expenses are paid.

\[
\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Sales}}
\]
Return On Assets
According to Van Horne and Wachowicz JR (2009: 222), Return on Assets is used to measure power in generating profits from invested capital.

\[
\text{Return on Assets} = \frac{\text{Net Income} + \text{Interest}(1 - \text{tax rate})}{\text{Average Total Assets}}
\]

Return On Equity
According to Van Horne and Wachowicz JR (2009: 222), Return on Equity is used to measure power in generating profits on the investment book value of shareholders.

\[
\text{Return on Equity} = \frac{\text{Net Income}}{\text{Average Equity}}
\]

Earning Per Share
According to Brigham and Houston (2010:150), Earning per Share shows the amount of money earned (return) of the shares.

\[
\text{Earning Per Share} = \frac{\text{Net Income} - \text{Dividens on Preferred Stocks}}{\text{Average Outstanding Shares}}
\]

Price Earning Ratio
According to Brigham and Houston (2010:150), Price Earning Ratio indicates how much investors are willing to pay for each rupiah of reported earnings.

\[
\text{Price Earning Ratio} = \frac{\text{Share Price}}{\text{Earning Per Share}}
\]

Dividend Yield
According to Brigham and Houston (2010:150), Dividend Yield is used to measures the percentage of how much dividend per share shareholders got during the year then divided by share price.

\[
\text{Dividend Yield} = \frac{\text{Dividends per share}}{\text{Share Price}}
\]

Economic Value Added
EVA (Economic Value Added) is the amount of money and is not the ratio. Economic Value Added can be obtained by subtracting capital charges from net income (Govindarajan, 2003). EVA can be calculated by the following formula:

\[
\text{EVA} = \text{NOPAT} - (\text{WACC} \times \text{Invested Capital})
\]

WACC can be calculated by the following formula:

\[
\text{WACC} = \text{Wd} \times \text{Kd (1-T)} + \text{We} \times \text{Ke}
\]

\[
\text{Wd} = \frac{\text{Long-term Debt}}{\text{Amount of Capital}} \times 100\%
\]

\[
\text{Kd (1-T)} = \text{the cost of debt capital after tax}
\]

\[
\text{We} = \frac{\text{the capital of equity}}{\text{Total Debt and Equity}} \times 100\%
\]

DATA ANALYSIS
Multiple Linear Regression Analysis
According to Anderson et al., (2012:676), multiples regression analysis enables the researcher to understand how a dependent variable is related to two or more independent variables. The regression analysis is used to check if the hypothesis proved significant or not. The equations of multiples regression analysis are described below:

\[
\text{SP} = \beta_0 + \beta_1 \text{NPM}_{it} + \beta_2 \text{ROA}_{it} + \beta_3 \text{ROE}_{it} + \beta_4 \text{EPS}_{it} + \beta_5 \text{PER}_{it} + \beta_6 \text{DY}_{it} + \beta_7 \text{EVA}_{it} + e
\]
Note:
\( \beta_0 \): Constanta
ROE : Return On Equity
\( \beta_1, \ldots, \beta_7 \) : Coefficient
EPS : Earning Per Share
e : Error
PER : Price Earning Ratio
SP : Stock Price
DY : Dividend Yield
NPM : Net Profit Margin
EVA : Economic Value Added
ROA : Return On Assets

**HYPOTHESIS TEST**

Significant test of individual parameters or t-test is used to examine how the influence of each independent variable individually to the dependent variable (Ghozali, 2013, p. 98). In this study, the interval confidence level is 5% or 0.05. If the significance value is less than the probability value which is 0.05 then \( H_0 \) is not supported and \( H_a \) is supported. Therefore, each of the independent variables have positive effect on the dependent variable.

**D. RESULTS and DISCUSSIONS**

All the data gathered are proven qualified to be processed using regression formula since those have fulfilled the criteria of classical assumptions. It means the data are normally distributed, contained of no multicollinearity, autocorrelation and heteroscedasticity. The results below will be more concerned in elaborating the relationship between dependent variable and independent variables using the designated regression formulas.

**Multiple Regression Analysis Table**

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.270</td>
<td>1.311</td>
<td>0.206</td>
<td>0.838</td>
</tr>
<tr>
<td>NPM</td>
<td>-0.087</td>
<td>0.245</td>
<td>-0.059</td>
<td>-0.354</td>
</tr>
<tr>
<td>ROA</td>
<td>0.313</td>
<td>0.348</td>
<td>0.202</td>
<td>0.898</td>
</tr>
<tr>
<td>ROE</td>
<td>-0.298</td>
<td>0.258</td>
<td>-0.205</td>
<td>-1.156</td>
</tr>
<tr>
<td>EPS</td>
<td>0.867</td>
<td>0.083</td>
<td>0.961</td>
<td>10.456</td>
</tr>
<tr>
<td>PER</td>
<td>0.661</td>
<td>0.152</td>
<td>0.378</td>
<td>4.350</td>
</tr>
<tr>
<td>DY</td>
<td>0.007</td>
<td>0.043</td>
<td>0.011</td>
<td>0.150</td>
</tr>
<tr>
<td>EVA</td>
<td>0.056</td>
<td>0.059</td>
<td>0.086</td>
<td>0.953</td>
</tr>
</tbody>
</table>

Anova = 22.122  Sig. 0.000  
\( R^2 = 0.820 \)  Adj. \( R^2 = 0.783 \)

The coefficient of determination is used to determine how influential the independent variable can explain the dependent variable. The table above shows the result of the coefficient determination (adjusted \( R^2 \)). The calculation results of multiple regression analysis show that the influence of financial ratios and economic value added on dependent
variable is 78.3 percent. It means that 78.3 percent of stock price is influenced by the independent variable, which is net profit margin, return on assets, return on equity, earning per share, price earning ratio, dividend yield and economic value added. The remaining 21.7 percent can be explained by other variables which is not included in this research model.

The F value / ANOVA showed on multiple regression model in the table 4.3 is 22.122 with the significance value at 0.000 which is lower than 0.05, then it is concluded that financial ratios with proxies of net profit margin, return on assets, return on equity, earning per share, price earning ratio, dividend yield and economic value added affect the dependent variable which the stock price.

DISCUSSIONS

Net Profit Margin and Stock Price

It is found from the result that net profit margin has no influence against the stock price. This finding explains that net profit margin is not quite successful for being the proxy of profitability that logically should be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that NPM have not been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained.

Return On Assets and Stock Price

It is found from the result that return on assets has no influence against the stock price. This finding explains that return on assets is not quite successful for being the proxy of profitability that logically should be capable in showing the high value relevance with the expectation of stock price returns to investors also high. This happens because investors assume that the greater the return on assets does not guarantee the increase in stock returns obtained by the investor in property and real estate companies listed on the Stock Exchange.

Return On Equity and Stock Price

It is found from the result that return on equity has no influence against the stock price. This finding explains that return on equity is not quite successful for being the proxy of profitability that logically should be capable in showing the high value relevance with the expectation of stock price returns to investors also high. Investors assume ROE cannot be used as the only measure to assess performance. Because ROE does not account for the large amount of capital and the risk on the capital placement. So we can conclude that ROE can be used as additional reference in the decision-making by investors, but not to be used as reference only. And can be used as an indicator that affects the stock price even though there are many other variables that further influence.

Earning Per Share and Stock Price

It is found from the result that earning per share has an influence against the stock price. This finding explains that earning per share is successful for being the proxy of profitability that logically be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that EPS have been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained.

Based on theoretical and empirical studies it can be concluded that Earning Per Share (EPS) can be used as a reference or benchmark by investors in making investment decisions. EPS can be used to measure the performance of companies in which the EPS figure shows
how much profit is ready for distribution to shareholders. The size of EPS into investor commentary on the value of the company. If the value of the company increases, the demand for shares by investors will increase, thus increasing the price of the shares.

**Price Earning Ratio and Stock Price**

It is found from the result that price earning ratio has an influence against the stock price. This finding explains that price earning ratio is successful for being the proxy of profitability that logically be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that PER have been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained. By knowing PER an issuer, an investor can find if the price of a stock is considered reasonable or not real. PER is also a psychological number for the small investor where the PER would be more interesting than the high PER. PER is due to lower earnings per share is relatively high compared to its stock price. PER influence on stock prices may be due to the company’s good financial performance to generate a net profit.

**Dividend Yield and Stock Price**

It is found from the result that dividend yield has no significant influence against the stock price. Dividend yield probably does not work well in predicting or influencing the stock return as one of investor’s considerations because it consists of a tricky part within its denominator, which is stock’s market price. This finding explains that dividend yield is not quite successful for being the proxy of dividend policy that logically should be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that DY have not been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained.

**Economic Value Added and Stock Price**

It is found from the result that economic value added has no significant influence against the stock price. This finding explains that economic value added is not quite successful for being the proxy of profitability that logically should be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that EVA have not been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained. On the results of the EVA calculation, the average in 2012-2014 indicates that the situation is not stable, it is also one of the factors which resulted in EVA influential on stock prices.

**E. CLOSING REMARKS**

**Conclusions**

This research is conducted to answer the purpose of the research that is analyzing the influence of financial ratio and economic value added on stock price of property and real estate companies listed in Indonesian Stock Exchange during the year of 2012 - 2014. Multiple regression analysis is used for studying the relationship between dependent and two independent variables, which is financial ratio and economic value added and stock price as dependent variable.

This finding explains that earning per share and price earning ratio is successful for being the proxy of profitability that logically be capable in showing the high value relevance with the expectation of stock price returns to investors also high. It means that EPS and PER have
been able to influence the decision of managers or users of other financial statements to support their expectations of the results to be obtained.

Research Limitations

This study only uses a sample from companies engaged in property and real estate sector, thus it cannot reflect the reaction of the capital market as a whole. The study period is the other limitation which is quite short by only three years (2012-2014), so the results may not be consistent with previous studies.

Suggestions

The selection of independent variables in this study is important in influencing the stock price, the expected results of this study can be used as a reference for further research to develop this research by considering other variables outside variables used in this study. Adding the range of the investigation time and other subsector industry is very useful to generalize the result of the research that will be found. Because the research will become wider and it will result in a better analysis.

REFERENCES


