

ABSTRACT

Every company aims to maximize the wealth of its shareholders. Therefore the purpose of financial management itself is to maximize the value of the company. The value of the company could be reflected from the stock price of a company. To determine a company's stock price, the investor can measure the company's performance by analyzing the economic value added (EVA) and the ratio of profitability generated by a company.

EVA and profitability ratio used as a benchmark in determining a company's stock price because EVA is economic value added which provides a good measurement to the extent of how far a company can give an added value to the shareholders. While the profitability ratio is a ratio which measure the company's ability to produce profits at the level of sales, assets, and capital stock.

The purpose of this study is to determine the effect of EVA and profitability ratio which consists of return on equity (ROE), return on assets (ROA), and earnings per share (EPS) to stock prices.

Samples for this research are manufacturing companies in consumer goods industry sector listed in Indonesia Stock Exchange 2012-2014. Samples are obtained by purposive sampling. The analytical method used in this research is statistic descriptive analysis to assess the independent variable to its dependent variable. This study also uses the classical assumption test and multiple linear regression analysis method to test the financial performance that is considered to have an effect on stock prices.

The results of the study suggest that the simultaneous EVA, ROE, ROA, and EPS significantly influence stock prices. The coefficient of determination (R square) is 0.668, all independent variables can explain the variation of dependent variable of 66.8%. Partial test results showed that the EVA, ROE, and EPS significantly influence stock prices, while ROA have no significant effect on stock prices.

Keywords: Economic Value Added, Return On Equity, Return On Assets, Earning Per Share, stock price