

# IMPACT DPS, EPS ON STOCK PRICE AND INVESTMENT DECISION

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## IMPACT DPS, EPS ON STOCK PRICE AND INVESTMENT DECISION

By

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### Abstrak

Tujuan dari penelitian ini adalah untuk mengetahui faktor-faktor yang mempengaruhi harga saham dan membuat analisis fundamental industri manufaktur di sektor barang konsumsi selama periode 2014 hingga 2018 di Bursa Efek Indonesia. Dalam penelitian ini digunakan data dari 16 perusahaan manufaktur. Pengaruh laba dan dividen per saham ditentukan dengan menggunakan model regresi berganda. Hasil penelitian menunjukkan bahwa dividen per saham dan laba per saham berpengaruh positif dan signifikan terhadap harga saham perusahaan manufaktur sub sektor barang konsumsi yang terdaftar di BEI. Selain itu, penelitian ini juga memberikan pertimbangan kepada investor untuk memilih alternatif investasi melalui analisis fundamental.

**Kata Kunci:** DPS, EPS, Stock Prices, Shares, Investment

### INTRODUCTION

The benefits of the capital market are very important, namely as a collector of funds from people who want to invest in financial instruments, besides that the capital market can also be used by companies that want to get additional funds to develop their business. With the capital market, it is hoped that it can improve the country's economy because the alternative funding obtained by the company can increase the scale of its business to be bigger so that it can obtain high profitability and, in the end, it can provide welfare for the community.

There are two advantages that investors can get in controlling shares, namely capital gains, namely the difference between the purchase price obtained when buying shares and the selling price of shares, generally short-term investors tend to profit through this and the second. Profit is the distribution of dividends, namely profit sharing or profits earned by the company. This distribution takes several forms, such as shares, cash, or company assets. It should be noted that the company is not obliged to pay dividends every year.

At the General Meeting of Shareholders (GMS), the shareholders will make a decision whether the company will share the profits

generated by the company and regardless of the amount of dividends that will be given or even use these profits for business development. After the decision is made, the company will officially announce the dividend distribution schedule and most of the dividends will be taken by the public.

The term industry or industry sector / group has been widely known by the public, for example the automotive industry, the food industry, etc. But basically, industrial grouping is not as simple as one might imagine. For example, to classify companies that produce canned food products, sometimes give experience confusion whether the company will be grouped into the food industry or the aluminum industry (aluminum can packaging). The Indonesia Stock Exchange has classified existing industries according to industry classification standards, namely the Jakarta Stock Exchange (JASICA) Sectorial Industry Classification.

One of the industries listed on the IDX is the manufacturing industry. The manufacturing industry is an industry that uses machinery, labor and other production equipment to process raw materials into finished goods that are ready to be traded in the community. Each manufacturing company has its own standard



operating procedures for carrying out the production process. Manufacturing companies are capital-intensive industries in large numbers and are one of the pillars of the economic sector in Indonesia, because manufacturing companies absorb a lot of labor.

One of the sub-sectors in the manufacturing industry is the consumer goods sub-sector. The consumer goods sub-sector is the sub-sector that is closest to society because its production goods are consumption goods whose benefits can be felt by everyday people. When buying shares, investors will feel safer buying shares in companies whose products they are familiar with, because then they will find it easier to analyze the company in general compared to companies whose businesses they are not familiar with.

This paper will show how the effect of dividends per share and earnings per share on stock prices in manufacturing companies (sub sector consumer goods) on the IDX to provide an overview.

In addition, it also shows that the calculation of price to earnings ratio and price earning to grows as investors' considerations in making investment decisions.

The paper is organized as follows: section 1 presents about Introduction, section 2 presents theoretical basis of this study, section 3 presents research method, section 4 consists of result and discussion, the last section 5 presents the major conclusion of the paper.

## LITERATURE REVIEW

### General

The capital market is defined as activities related to securities trading and public offerings, institutions and professions related to securities, as well as public companies related to issued securities.

Thus, it can be concluded that the capital market is a medium that connects fund owners (investors) and companies that need funds through trading long-term financial instruments.

According to [1] capital market functions that are very influential for the country's economy are as follows:

#### 1. Economic Functions

The capital market plays a role in bringing together two interested parties, namely investors or parties who have excess funds with those who need funds.

#### 2. Financial function

The capital market provides an opportunity for investors to obtain capital gains or returns on the investment they have chosen.

### Shares

Shares are securities which are a sign of ownership of a company [2]. According to Koetlin [3] shares are paper that is printed properly, which proves that shareholders participate in or participate in the capital of a company, usually a Limited Liability Company (PT). Shares can also be referred to as a unit of value or bookkeeping in various financial instruments that refer to the ownership of a company. So, when someone makes a decision to buy shares in a company, that person is entitled to the company's income and assets in the same portion as the shares he owns.

Issuance of shares is carried out by the company to obtain additional capital from each share. The more shares owned by investors, the higher the level of company performance. Vice versa, the decline in investor interest in owning shares in a company means that the company's performance has also decreased.

Those who make stocks as investment instruments in a short time tend to only expect profits in the form of capital gains from the difference between the selling price and the buying price. Unlike those who use stocks as a long-term investment instrument, they routinely save stocks every month.

There are two types of analysis that investors use to observe stock prices, namely:

#### 1. Technical Analysis



Technical analysis is an analysis that studies historical data of a particular stock price and relates it to trading volume and current economic conditions. This analysis technique only assesses the stock price from its movements without paying attention to company performance. Technical analysis provides information to investors about changes in stock prices in previous periods and determines the right time to buy or sell stocks using various technical indicators or charts.

## 2. Fundamental Analysis

Fundamental analysis is an analysis of stock prices that takes into account the condition of the company, such as the condition of management, human resources, and the company's financial performance. Fundamental analysis believes that economic factors, company strategy, management policies, financial conditions can help select stocks that can outperform the market.

This analysis is used by investors to estimate future stock prices by taking into account the company's fundamental factors that affect stock prices. The company's fundamental factors are broad and complex which include internal and external conditions of the company.

Fundamental analysis focuses on financial data obtained from company financial reports and events that occur either directly or indirectly that can affect company performance. The main purpose of fundamental analysis is to determine whether the value of a stock is undervalued or overvalued. Stock is said to be undervalued if the stock price in the market is smaller than the price or fair value it should be, and vice versa. Fundamental analysis is more suitable for investors who want to invest their funds in the long term.

### Dividend

Dividends are the distribution of profits earned by the company to shareholders based

on the portion of shares owned. A company makes a policy not to pay dividends because it will use the profits it gets to develop its business. However, in general, companies tend to share the profits they get to increase investor confidence in the long run. Dividends can also be used to assess the company's performance whether it is in good condition or not.

According to Sudana in [4] there are three theories related to dividend policy which explain the effect of the size of dividends. The theory is as follows:

#### 1. Irrelevant Dividend Theory

This theory states that dividend policy does not affect the company's stock price. What determines the value or shares of a company is only the company's ability to generate income and face business risks, while the distribution of cash flow of income into dividends does not affect the value or shares of the company.

#### 2. Bird in Hand Theory

This theory states that dividend policy has a positive effect on stock prices. Thus, if the company distributes dividends in a larger amount each year, the share price will also be higher and vice versa. This happens because dividend distribution can reduce uncertainty for investors.

#### 3. Tax Preference Theory

This theory states that dividend policy has a negative effect on the company's stock price. This means that the greater the number of dividends the company distributes, the lower the company's stock price will be. This occurs because of the difference between the individual taxes rates on dividend income and capital gains.

### Dividend per Share (DPS)

According to [4] dividend per Share is a ratio that measures the amount of dividends distributed compared to the number of shares outstanding in a certain year. This ratio describes the number of dividends received by



shareholders each year. According to Tandellilin in [4], dividend calculations can be formulated as follows:

$$\text{DPS} = \frac{\text{Cash Dividend}}{\text{Number of Shares Outstanding}}$$

Investors tend to be attracted to companies that often distribute dividends each year and the dividend value distributed is greater than other companies. However, dividend distribution is not an obligation for the company because the company also needs the profits it earns for the company's business development.

#### Earnings per Share (EPS)

Investors buy stocks with the hope of getting benefits in the form of dividends and an increase in share value at a later date. Investors are always interested in earnings per share reported by companies because earnings are one of the basis for dividend payments and an indicator for future value growth.

Earnings per Share is information that shows how much profit shareholders get for each share they own [5]. Earnings per Share which increases every year shows that the company has succeeded in increasing the level of prosperity of investors and this will provoke investors to increase the amount of paid-up capital in the company. EPS is an indicator that shows a company's ability to generate profits for each share. Through EPS, investors can assess the potential income that will be received and see how the company is performing.

Earnings per Share is a comparison between the amounts of net profit distributed to shareholders compared to the number of company shares [2]. Earnings Per Share is calculated by dividing net income available to owners of common shares by the number of ordinary shares outstanding during one year [6] which is formulated as follows:

$$\text{EPS} = \frac{\text{Net income after interest and taxes}}{\text{Number of Shares Outstanding}}$$

#### Price to Earnings Ratio (PER)

For investors, the price-to-income ratio figure is used to predict the company's ability to generate

profits (earnings power) in the future. The willingness of investors to accept the increase in the price to income ratio depends on the company's prospects. Companies with a high opportunity growth rate usually have a high price to income ratio, while companies with a low growth rate tend to have a low price to profit ratio as well. The price-to-income ratio becomes meaningless if the company has very low profits (abnormal) or experiences losses [7].

Price to Earnings Ratio shows how much investors are willing to be paid for each profit reported by the company so that it becomes one of the tools to measure company performance [8].

Price to Earnings Ratio is one of the market ratios used by investors to predict the company's ability in generating future profits, and earned comparing share price with earnings per share [9]. Price to Earnings Ratio calculation can be formulated as follows:

$$\text{PER} = \frac{\text{Price per Share}}{\text{Earnings per Share}}$$

#### Price/Earnings to Growth (PEG)

According to the PEG ratio, if the price of a share is fair, the P / E ratio must be the same as the dividend growth rate. If the PEG ratio is equal to one, this shows that the market has been realistic in determining the share price, taking into account the growth rate of earnings per share, and has not made mistakes. If the PEG ratio is greater than 1, it indicates that the stock price is too high or the market is expecting it that the dividend growth rate is much higher than expected in the coming years. If the PEG ratio is less than one, it indicates that the stock price has been lower than its intrinsic value in the market or the market expects that the company will not achieve its expected goals and dividends. In other words, it can be said that a low PEG indicates a low and promising PE ratio to the dividend growth rate. A better future for stock returns. Conversely, a high PEG indicates that a high PE ratio to dividend growth rate and a low rate of return is expected for the stock [10].

The PEG ratio was developed to explain the effect of growth rate on the P / E ratio. The PEG ratio is calculated by the following formula:

$$\text{Price to Earnings Ratio}$$



PEG =  $\frac{\text{Rate of Growth Earning}}{\text{Rate of Growth Earning}}$  Article Error (ETS)

There are several studies looking at the factors that influence stock prices, many of them:

The estimation method is based on combined OLS regression with strong standard errors, fixed effects, and random effects models. The results showed that the variables of return on equity, book value per share, dividend per share, dividend yield, price earnings, and firm size are significant determinants of stock prices in the Bahrain market. The high R<sup>2</sup> value (0.80) revealed in the two applied models further documents the significant impact of these variables on stock market prices [11].

The relationship between stock market prices and six other variables, namely EPS, NAVPS, P/E, GDP, CPI and IRS. This finding is quite instrumental and synonymous with empirical findings. EPS, NAVPS, P/E and CPI were found to be the most significant while the other variables were not too significant [12].

Impact of EPS and DPS on Stock Prices: a specific public study Indian sector bank "has been conducted for the period 2006-07 to 2014-15 (9 years) financial year of twelve selected public sector banks in India. Causality examined by regression model using EViews7. Since, time series data are used, data stationarity was checked to avoid spurious regression. The Augmented Dickey - Fuller's test is used for unit root testing to check time series stationarity data. Research has revealed a significant effect of EPS and DPS on stock prices [13].

Revealed that the current year's earnings per share (EPSt) and the previous year's dividends per share (DPSt-1) are both significantly positive at one percent. The dividend payout ratio (PAYOUTt) is significant at five percent. Both Profitability (PROFIT) and Investment (INVESTt) are significant at 10 percent, but INVESTt is negatively significant. It can be concluded that EPSt, DPSt-1 and PAYOUTt are the three main variables that influence the company's decision to increase or decrease dividend per share (DPSt) in NSE. The sample consisted of 80 firms registered in NSE in 2012. Relevant explanatory variables were subjected to multiple regression analysis [14].

Investigation of the impact of dividends per share and earnings per share on the share prices of 12 textile companies listed on the Pakistan Exchange used panel data analysis techniques for a

period of 10 years from 2005 to 2014. Dividends per share and earnings per share were used as independent variables, while share prices were used as independent variables. Dependent variable. These results support the hypothesis that dividends per share have a significant positive effect on stock prices. Earnings per share have no impact on share prices. This study also reveals that dividends per share and earnings per share have a strong relationship with each other. That is, if the company pays more dividends, it will generate more returns on its shares. And these results support the dividend relevance hypothesis. Coord. Conjunction (ETS)

### RESEARCH METHOD

This type of research used in this research is quantitative. Quantitative research is research that tests certain theories by examining the relationships that occur between variables. These variables are measured (usually by means of research instruments) so that data consisting of numbers can be analyzed according to statistical procedures.

In this study, the population used as research material is the consumer goods sub-sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) in the 2014-2018 period.

According to [16] the sample is a collection of subjects that are representative of the population. The sample used must have the same character as the population and must represent other members of the population. Sampling is done so that research can be carried out effectively and effectively. Whereas for sampling in this study using the nonprobability sampling method, namely a sampling technique that does not provide an opportunity for each member of the population to be selected as samples [17] and the type of technique used is purposive sampling technique in which the sampling is done by determination of certain criteria. The sample criteria used in this study are as follows:

- Manufacturing companies in the consumer goods sub-sector listed on the IDX in 2014-2018.
- Manufacturing companies in the consumer goods sub-sector that



routinely distributed dividends during the 2014-2018 period.

- Manufacturing companies in the consumer goods sub-sector that disclose their financial reports completely and clearly.

The independent variable in this study is Dividend per Share (DPS) and Earning per Share (EPS), while the dependent variable is the stock price at the final exchange (annual market closing price).

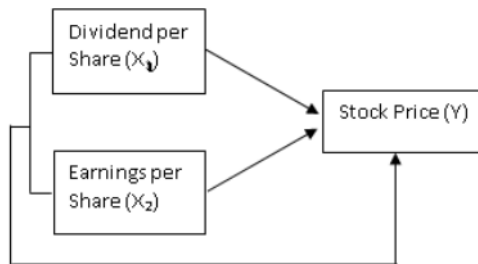


Figure 1. Conceptual Framework

Data collection techniques are the most important step in research, because with the correct technique, data will be obtained in accordance with the established data [18]. The data collection technique used in this research is the method of collecting data with documents. Documents lead to concrete evidence with this instrument, we are invited to analyze the contents of documents that can support research [19]. The documentation method is carried out by collecting data directly from the official website [www.idx.co.id](http://www.idx.co.id).

Based on the above criteria, there are 16 companies that meet the criteria as research samples. The following 16 companies are: DVLA, GGRM, HMSP, ICBP, INDF, KAEF, KLBF, MLBI, MYOR, ROTI, SIDO, SKLT, TBLA, TCID, TSPC, and UNVR.

RESULT AND DISCUSSION

RESULT

Classic Assumption Test

Data Normality Test

Table 1. Data Normality Test Result

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		80
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	,50480073
	Absolute	,083
Most Extreme Differences	Positive	,067
	Negative	-,083
Kolmogorov-Smirnov Z		,741
Asymp. Sig. (2-tailed)		,642

a. Test distribution is Normal.

b. Calculated from data.

Source: Processed data

Based on Table 1, it is obtained a significance value of 0.642 > 0.05. Thus, it can be concluded that the distribution of data obtained in this study is normal.

Autocorrelation Test

Table 2 Autocorrelation Test Results

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,939 <sup>a</sup>	,881	,878	7617,937	1,610

a. Predictors: (Constant), DPS\_X1, EPS\_X2

b. Dependent Variable: STOCK PRICE

Source: Processed data

From Table 2 above, it can be seen that the D-W value is 1.610, this indicates that there is no autocorrelation according to the criteria according to [19]:

- Durbin Watson (DW) number below -2 means there is positive auto correlation.
- Durbin Watson's number (DW) between -2 and +2 means no autocorrelation.





- Durbin Watson's number above +2 means that there is negative autocorrelation.

**Multicollinearity Test**

**Table 3. Multicollinearity Test Results**

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
IDPS X1	,178	5,623
EPS X2	,178	5,623

a. Dependent Variable: STOCK PRICE

Source: Processed data

From Table 3, it is obtained that the VIF DPS value is 5,623 <10, and an EPS value of 5,623 <10, and a tolerance value of 0.178 so that it can be concluded that there is no multicollinearity problem because the VIF value of each variable is less than 10 and the tolerance value is greater than 0.

**Heteroscedasticity Test**



Figure 2 Heteroscedasticity Test Results

From Figure 2, it can be concluded that heteroscedasticity does not occur because the points on the scatterplot image are evenly distributed, do not gather only above or below, and do not form a certain pattern.

Multiple Linear Regression Test

**Table 4. Multiple Linear Regression Test Result**

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	3,570	,273	
1 DPS_X1	,274	,109	,314
EPS_X2	,680	,132	,642

Source: Processed data

From the table 4 above, a multiple linear regression equation can be drawn up as follows:

$$Y = 3.570 + 0.274 X1 + 0.680 X2$$

The explanation of each resulting regression coefficient is as follows:

- The constant 3,570 shows that if the independent variables (Dividend per Share and Earning per Share) are considered constant (zero) then the stock price will remain at 3.570
- The Dividend per Share (DPS) variable is 0.274 (X1), which means that if there is an increase in Dividend per Share (DPS) of 1 unit, it will be followed by an increase in share prices of 0.274
- Variable Earning Per Share (EPS) of 0.680 (X2), meaning that if there is an increase in Earning Per Share (EPS) of 1 unit, it will be followed by an increase in stock prices of 0.680.

**Test the Accuracy / Meaning of the Model (F test)**

**Table 5. F Test Result**

ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	170,049	2	85,024	326,264	,000 <sup>a</sup>
Residual	20,066	77	,261		
Total	190,115	79			

a. Dependent Variable: STOCK PRICE

b. Predictors: (Constant), EPS\_X2, DPS\_X1

Source: Processed data

Based on table 5 above, the results of the F test between the DPS and EPS variables on stock prices produce the value of Fcount (326.26) > Ftable (3.12), it can be concluded that the independent variables simultaneously influence the dependent variable. From the test results, it is also known that the significance value is 0.000, which means that it is smaller than 0.05, so that all independent variables have a significant effect on the dependent variable.





## Significance Test of Variable (t test)

Table 6. t Test Result

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
(Constant)	3,570	,273	13,067	,000
1 DPS_X1	,274	,109	2,525	,014
EPS_X2	,680	,132	5,168	,000

a. Dependent Variable: STOCK PRICE

Source: Processed data

From table 6 above, it is known that the significance value of the DPS variable is 0.014 and the EPS variable is 0.000, so it can be concluded that the two independent variables have a significant effect on the dependent variable, namely stock price.

Determination Coefficient Test ( $R^2$ )

Table 7. Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,946 <sup>a</sup>	,894	,892	,51049

a. Predictors: (Constant), EPS\_X2, DPS\_X1

Source: Processed data

From table 7 above, it can be seen that the coefficient of determination or R Square is 0.894. This value comes from the value of the squared correlation coefficient or R, which is  $0.946 \times 0.946 = 0.894$ . The amount of the coefficient of determination means that the variables Dividend per Share (DPS) and Earning per Share (EPS) have an effect on stock prices by 0.894 or 89.4%. While the remaining 10.6% is influenced by other variables outside this regression equation.

## DISCUSSION

## Partial Effect of Dividend per Share-on-share prices

Dividend per Share (DPS) has a significance value of 0.014. This figure is less than 0.05, so it can be concluded that Dividend per Share (DPS) has a significant effect on stock prices. The higher the value of Dividend per Share (DPS), the share price will also increase, and vice versa if the value of Dividend per Share (DPS) tends to decrease, the share price will also decrease. And these results support the dividend relevance theory. Dividend per Share (DPS) is a ratio that measures the amount of dividends distributed compared to the number of shares outstanding in a certain year. One of the reasons investors buy shares is so they can get dividends that are distributed by the company. Investors always hope that the company can distribute dividends every year with an increasing amount each period. Large dividends will lure investors to buy these shares so that the share price will also rise.

## Partial Effect of Earnings per Share-on-share prices

Earning per Share (EPS) has a significance value of 0.000. This figure is less than 0.05, so it can be concluded that EPS has a significant effect on stock prices. The higher the value of Earning per Share (EPS), the share price will also increase, and vice versa if the value of Earning per Share (EPS) tends to decrease, the share price will also decrease. And these results support the Earning per Share (EPS) relevance theory. Earnings per Share (EPS) shows how the company's ability to generate profits for shareholders. The higher the EPS value indicates that the company's performance is very good, and it allows shareholders to enjoy the company's profits.

### Simultaneous effect of Dividend per Share (DPS) and Earning per Share (EPS) on stock prices

From the results of the F test, it is obtained that the Fcount value of 326.26 is greater than



Ftable. This shows that Dividend per Share (DPS) and Earning per Share (EPS) have a simultaneous effect on stock prices. This conclusion is also reinforced by a significance value of 0.000 which is smaller than the standard statistical value of 0.05.

The greater the Earning per Share (EPS) produced by the company indicates that the company's performance is quite good. Large EPS makes the company's opportunity to pay dividends is also quite large. This will attract investors to buy shares of the company because they can earn profits by getting dividends. In addition, the company also has good prospects in the future due to its high EPS value.

**Fundamental Analysis**

**Table 8 Price to Earnings Ratio (PER)**

PER	2014	2015	2016	2017	2018	
DVLA	23,2	13,4	12,9	13,5	10,8	■
GGRM	21,8	16,4	18,4	20,8	20,6	■
HMSP	29,8	40,4	34,8	43,4	32,0	■
ICBP	29,3	52,4	27,8	27,3	26,7	■
INDF	15,3	15,3	18,3	16,1	15,7	■
KAEF	34,9	18,5	57,3	45,8	34,7	■
KLBF	41,6	30,7	30,9	33,1	29,2	■
MLBI	31,7	34,7	25,2	21,8	27,5	■
MYOR	46,3	22,4	27,0	28,5	34,0	■
ROTI	37,4	23,9	29,1	45,5	42,9	■
SIDO	21,8	19,0	15,8	15,1	18,7	■
SKLT	12,5	12,3	10,3	32,4	31,9	■
TBLA	8,7	13,4	8,4	6,9	6,1	■
TCID	20,2	6,1	15,5	20,1	20,0	■
TSPC	22,2	15,1	16,6	14,9	12,2	■
UNVR	43,0	48,3	46,3	60,9	38,0	■

**Table 9. Price/Earnings to Growth (PEG)**

PEG	2015	2016	2017	2018	
DVLA	0,5	0,5	2,2	0,6	■
GGRM	1,0	5,1	1,5	41,8	■
HMSP	47,0	0,0	-47,3	5,3	■
ICBP	-0,7	1,6	5,2	1,6	■
INDF	-0,5	0,8	1,8	-74,5	■
KAEF	1,7	27,5	2,5	1,6	■
KLBF	-13,2	2,5	8,5	15,2	■
MLBI	-0,6	0,5	0,8	-3,5	■
MYOR	0,3	0,0	2,0	4,4	■
ROTI	0,8	8,0	-0,5	0,0	■
SIDO	5,5	1,3	1,8	0,9	■
SKLT	0,6	0,0	2,8	1,2	■
TBLA	-0,1	0,1	0,2	-0,2	■
TCID	0,1	-0,1	2,1	-5,8	■
TSPC	-1,3	6,6	9,0	-2,0	■
UNVR	26,4	5,4	7,0	1,6	■

As an example of comparison, the latest KAEF and KLBF company financial data are used on the grounds that the business fields are almost the same.

2018	SP/N	PER	PEG
KAEF	2600	34.7	1.6
KLBF	1520	29.2	15.2

When viewed at a glance from the PER ratio of the two stocks above, KLBF's share price looks cheaper because it is traded at a lower PER ratio. However, in terms of profit growth, KAEF's shares are actually cheaper than KLBF. For a value investor, reading the direction of the company's growth is very crucial in investment considerations.

Currently, KLBF's share price is traded in the range of IDR 1,520, while KAEF is at IDR 2,600. With higher profit growth and performance that remains the same as now, it can be concluded that the current PER ratio of 34.7x KAEF reflects investors' confidence in KAEF that its share price will equal KLBF in the next few years, thereby gradually reducing its PER ratio. With this condition, an investor will enjoy double returns if investing in KAEF shares, namely dividends distributed every year and potential capital gains from rising stock prices in the future.

**CONCLUSION**

After analyzing Ar the Er data, the following conclusions can be drawn:

1. Dividend per Share (DPS) partially has a positive and significant effect on the share price of consumer goods subsector manufacturing companies listed on the IDX in 2014-2018.
2. Partially Earning per Share (EPS) has a positive and significant effect on the stock price of consumer goods subsector manufacturing companies listed on the IDX in 2014-2018.
3. Dividend per Share (DPS) and Earning Per Share (EPS) simultaneously have a positive and significant effect on the share price of manufacturing companies



in the consumer goods sub-sector listed on the IDX in 2014-2018.

Investors must also pay attention to other factors that influence stock prices to generate maximum profits.

The company must always maintain its performance in order to generate maximum profit so that it can distribute dividends every year and can give a good impression to investors that the company has good prospects in the future and this can lead to more market confidence in the company concerned. Compare if the company decreases the number of dividends distributed when profits fall. Both of these things can raise doubts about investors to invest their shares.

The PER ratio is the ratio most commonly used in assessing the fair price of shares in an industrial sector. However, although PER is the most popular and easy to calculate ratio, this ratio has several drawbacks in its calculation, especially in relation to the company's profit growth.

Therefore, the PEG ratio is put forward so that investors can better evaluate the fair price of shares by including the company's profit growth. With the EPS growth rate in the PEG formula, investors can overcome limitations in determining the potential increase in the fair price of shares for their long-term investment.

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PAGE 1

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**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



**Verb** This verb may be incorrect. Proofread the sentence to make sure you have used the correct form of the verb.

PAGE 2

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**Article Error** You may need to use an article before this word.



**Possessive**



**Confused** You have used either an imprecise word or an incorrect word.



**Article Error** You may need to remove this article.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Wrong Article** You may have used the wrong article or pronoun. Proofread the sentence to make sure that the article or pronoun agrees with the word it describes.



**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Article Error** You may need to use an article before this word.



**Possessive** Review the rules for possessive nouns.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**Sentence Cap.** Review the rules for capitalization.



**Article Error** You may need to remove this article.



**Confused** You have used either an imprecise word or an incorrect word.



**Article Error** You may need to remove this article.



**S/V** This subject and verb may not agree. Proofread the sentence to make sure the subject agrees with the verb.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**Verb** This verb may be incorrect. Proofread the sentence to make sure you have used the correct form of the verb.



**Missing ", "** Review the rules for using punctuation marks.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Article Error** You may need to use an article before this word.



**Missing ", "** Review the rules for using punctuation marks.



**Word Error** Did you type **the** instead of **they**, or have you left out a word?



**Article Error** You may need to remove this article.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Dup.** Did you mean to repeat this word?



**S/V** This subject and verb may not agree. Proofread the sentence to make sure the subject agrees with the verb.



**Garbled** This sentence contains several grammatical or spelling errors that make your meaning unclear. Proofread the sentence to identify and fix the mistakes.



**Article Error** You may need to use an article before this word. Consider using the article **the**.



**Article Error** You may need to use an article before this word. Consider using the article **the**.



**S/V** This subject and verb may not agree. Proofread the sentence to make sure the subject agrees with the verb.



**S/V** This subject and verb may not agree. Proofread the sentence to make sure the subject agrees with the verb.



**Dup.** Did you mean to repeat this word?



**Sentence Cap.** Review the rules for capitalization.



**Missing "?"** Review the rules for using punctuation marks.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Article Error** You may need to use an article before this word.



**Possessive**



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Sentence Cap.** Review the rules for capitalization.



**Coord. Conjunction** Review the rules for combining sentences.



**Wrong Article** You may have used the wrong article or pronoun. Proofread the sentence to make sure that the article or pronoun agrees with the word it describes.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**Missing ", "** Review the rules for using punctuation marks.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**Wrong Article** You may have used the wrong article or pronoun. Proofread the sentence to make sure that the article or pronoun agrees with the word it describes.



**Dup.** Did you mean to repeat this word?




















**Article Error** You may need to use an article before this word. Consider using the article **the**.



**Wrong Article** You may have used the wrong article or pronoun. Proofread the sentence to make sure that the article or pronoun agrees with the word it describes.



-  **Article Error** You may need to use an article before this word.
-  **Wrong Article** You may have used the wrong article or pronoun. Proofread the sentence to make sure that the article or pronoun agrees with the word it describes.
-  **Prep.** You may be using the wrong preposition.
-  **P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.
-  **Article Error** You may need to remove this article.
-  **Confused** You have used either an imprecise word or an incorrect word.
-  **Article Error** You may need to remove this article.
-  **Article Error** You may need to use an article before this word. Consider using the article **the**.
-  **Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.
-  **Article Error** You may need to use an article before this word. Consider using the article **the**.
-  **Article Error** You may need to remove this article.
-  **Run-on** This sentence may be a run-on sentence.
-  **P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.
-  **Missing ", "** Review the rules for using punctuation marks.
-  **Frag.** This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.
-  **Missing ", "** Review the rules for using punctuation marks.
-  **Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word. Consider using the article **the**.



**Article Error** You may need to remove this article.



**Garbled** This sentence contains several grammatical or spelling errors that make your meaning unclear. Proofread the sentence to identify and fix the mistakes.



**Article Error** You may need to remove this article.



**Prep.** You may be using the wrong preposition.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Article Error** You may need to use an article before this word.



**Frag.** This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Possessive** Review the rules for possessive nouns.



**Article Error** You may need to remove this article.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Frag.** This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.



**Sentence Cap.** Review the rules for capitalization.



**Coord. Conjunction** Review the rules for combining sentences.



**Sentence Cap.** Review the rules for capitalization.



**Missing ","** Review the rules for using punctuation marks.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Confused** You have used either an imprecise word or an incorrect word.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Missing ","** Review the rules for using punctuation marks.



**Missing ","** Review the rules for using punctuation marks.



**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



**Article Error** You may need to remove this article.



**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



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**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



**Frag.** This sentence may be a fragment or may have incorrect punctuation. Proofread the sentence to be sure that it has correct punctuation and that it has an independent clause with a complete subject and predicate.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word. Consider using the article **a**.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Confused** You have used either an imprecise word or an incorrect word.



**Article Error** You may need to remove this article.



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**Missing ", "** Review the rules for using punctuation marks.



**Missing ", "** Review the rules for using punctuation marks.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to use an article before this word.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



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**Article Error** You may need to use an article before this word.



**Missing ", "** Review the rules for using punctuation marks.



**Run-on** This sentence may be a run-on sentence.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.





**Article Error** You may need to use an article before this word.



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**Article Error** You may need to use an article before this word. Consider using the article **the**.



**Coord. Conjunction** Review the rules for combining sentences.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Run-on** This sentence may be a run-on sentence.



**Proofread** This part of the sentence contains an error or misspelling that makes your meaning unclear.



**Article Error** You may need to use an article before this word. Consider using the article **the**.



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**Article Error** You may need to use an article before this word.



**Coord. Conjunction** Review the rules for combining sentences.



**Word Error** Did you type **the** instead of **they**, or have you left out a word?



**Possessive**



**Article Error** You may need to remove this article.



**Article Error** You may need to use an article before this word.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**P/V** You have used the passive voice in this sentence. You may want to revise it using the active voice.



**Article Error** You may need to use an article before this word. Consider using the article **the**.



**Article Error** You may need to use an article before this word.



**Article Error** You may need to remove this article.



**Wrong Article** You may have used the wrong article or pronoun. Proofread the sentence to make sure that the article or pronoun agrees with the word it describes.



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**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



**Proper Nouns** You may need to use a capital letter for this proper noun.



**Sp.** This word is misspelled. Use a dictionary or spellchecker when you proofread your work.



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