

**The Effect of Profitability Ratio to Stock Prices in the Manufacturing
Companies listed on the Indonesia Stock Exchange.**

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ABSTRACT

The purpose of this research is to study the effect of profitability ratio which is described by Net Profit Margin (NPM), Return On Asset (ROA), Return On Equity (ROE) and Earning Per Share (EPS) partially or simultaneously to stock prices in the manufacturing companies listed on the Indonesia Stock Exchange.

This research is classified as causal research and replication of former researches. Population of this research are manufacturing companies listed on the Indonesia Stock Exchange during the period of 2008 to 2010. The samples are obtained by using purposive sampling method. As the result, from 135 manufacturing companies, 22 are used as the samples of this study with the specified criterias. The statistic method being used is multiple linear regression with the model being tested previously in classic assumptions with SPSS software.

The result indicates that partially ROE has significantly influenced to stock price, but NPM, ROA and EPS has no significantly influenced to stock price and simultaneously Net Profit Margin (NPM), Return On Asset (ROA), Return On Equity (ROE) and Earning Per Share (EPS) variable has significantly influenced to stock price in the manufacturing companies listed on the Indonesia Stock Exchange.

Key Words: *Profitability Ratio, Net Profit Margin (NPM), Return On Asset (ROA), Return On Equity (ROE), and Earning Per Share (EPS), Stock Price*