ABSTRACT

Stock price reflects company market value agreed on supply and demand power in capital market. Company value in this case is represented by price to book value ratio (PBV). This research aim is to know whether return on common equity (ROCE), debt to equity ratio (DER) and stock beta have significant influence to PBV, either simultaneously or partially.

Research population are public companies within infrastructure sector in Indonesian Stock Exchange (BEI), and purposively sampling based on available data. The amount of samples for analysing are 16 samples of companies within infrastructure sector in BEI, data taken between year 2004 till 2008. For calculating companies's PBV is used stock average price in April. Meanwhile to calculate stock beta is taken from daily return data of IHSG and each stock during 3 months period (January - March) every year. To know influence of ROCE, DER and stock beta variables to PBV is used multiple linear regresion.

Through F test can be seen that calculated F is equal to 9,943 with significant level 0,000 that indicate ROCE, DER and stock beta simultaneously have significant influence to PBV at this sector. Determination coefficient (R-square) is equal to 0,421 meaning 42,1% of PBV value can be explained by ROCE, DER, and stock beta. Partially ROCE is explanatory variable having positive significant influence to PBV, whereas DER and stock beta are not too influence PBV. It's mean ROCE has high relevance to explain company value, if ROCE increases then company value also increases. On the other side DER and stock beta do not give significant contribution (not relevance) to company value.