

THE EFFECT OF PROFITABILITY, DEBT TO EQUITY RATIO, EARNING PER SHARE RATIO, PRICE TO BOOK VALUE RATIO ON STOCK PRICE OF LQ45 INDEX

Evelyn Meigawati¹, Arie Pratania Putri², Rahima Br Purba³

Universitas Prima Indonesia, Kota Medan, Indonesia^{1,2}
Universitas Pembangunan Panca Budi, Kota Medan, Indonesia³

Email : arieprataniaputri@unprimdn.ac.id²

**Accounting Major Program
Faculty of Economy, Universitas Prima Indonesia**

Abstract

A stock market index is a summary of information related to the stock market performance of an index, and acts as an indicator to show the performance of stocks spread in the market. Transaction performance is certainly different for each security contained in the capital market. LQ45 itself consists of 45 stocks listed on the IDX which have the highest liquidity and largest market capitalization and have passed selection through several provisions. Investors must have a handle on information regarding stock price fluctuations, which is useful in terms of decision making regarding company shares that can be declared worthy of ownership. The importance of accurate information about a company's financial performance, such as Profitability, Debt to Equity Ratio, Earning Per Share Ratio, and Price to Book Value Ratio. The research population used in this research includes a list of companies listed on the IDX in the LQ45 Index for the 2021-2023 period. The population selection is based on the stock index that is able to maintain the balance of stock prices in unfavorable conditions in that period of the year. Of all the companies included in the LQ45 Index criteria during 2021-2023 on the IDX website, a group of samples will be taken through non-probability sampling techniques and purposive sampling methods so that 24 companies and 72 research samples are obtained. The results showed that Profitability has a significant effect on Stock Price. Debt to Equity Ratio has a significant effect on Stock Price. Earning Per Share Ratio has a significant effect on Stock Price. Price to Book Value Ratio has a significant effect on Stock Price. Profitability, Debt to Equity Ratio, Earning Per Share Ratio, and Price to Book Value Ratio simultaneously have a significant effect on stock prices.

Keyword s: Profitability, Debt to Equity Ratio, Earning Per Share Ratio, Price to Book Value Ratio, Stock Price