

## **ABSTRACT**

*This study aims to analyze the influence of Financial Leverage, profitability, and liquidity on the level of underpricing during the Initial Public Offering (IPO), as well as its impact on long-term financial performance measured by Earnings per Share (EPS) in construction and infrastructure sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2015 to 2021. A quantitative approach was employed using cross-sectional and panel data, with panel regression analysis to examine the relationships among variables. The Sobel test was used to assess the mediating role of underpricing between financial variables and EPS. The results indicate that profitability and liquidity have a significant negative effect on underpricing, while Financial Leverage does not show a significant influence. Furthermore, Financial Leverage and liquidity negatively affect EPS, whereas profitability has a significant positive impact. Underpricing shows a negative effect on EPS, but it does not significantly mediate the relationship between Financial Leverage, profitability, and liquidity with EPS, based on the Sobel test. These findings suggest that setting lower stock prices at IPO does not necessarily support the improvement of long-term financial performance. Therefore, companies are advised to prioritize strengthening financial fundamentals and operational efficiency rather than relying solely on IPO pricing strategies.*

**Keywords:** *Financial Leverage, profitability, liquidity, underpricing, earnings per share, IPO.*