

ABSTRACT

This study aims to analyze the effect of seasoned equity offerings (SEO) to the financial performance and stock performance of companies. In addition it aims to determine the changes in financial performance and stock performance of companies before and after the SEO. Financial performance is measured by four financial ratios, they are debt to equity ratio (DER), return on assets (ROA), current ratio (CR), and price to book value (PBV). While the stock performance is measured using stock returns.

Seasoned equity offerings are the additional public offerings of a company's shares beyond the initial public offerings (IPO), in order to generate extra financing for business expansion, the expansion of investment, improve the capital structure or fulfillment of its liability, etc. Based on statistics of Indonesia Stock Exchange (BEI), there are 91 companies doing SEO in the period 2005 until 2009. However, only 31 companies that meet requirements as sample for this research. Research methods used are the Kolmogorov-Smirnov to test the normality of the data. The result showed that the data are not normally distributed then the next method using the wilcoxon signed ranks test. It is also used t tests method, to see the results of hypothesis testing when using other testing methods.

The results showed that SEO bring a positive impact or an average increase in the ratio of ROA, CR, and PBV. But SEO has a negative impact on DER and stock returns, which the DER has increased post-SEO. SEO leads to an increase in stock returns in the second year after the SEO, but the overall stock return declined an average post-SEO. Although results vary, but generally the rise and decline is so small that it does not have a significant impact on changes in financial performance and stock performance after the SEO. It can be concluded that the issuance of SEO, financial performance and stock performance has not changed as indicated by the results of research that is not affected significantly.

Keywords : *seasoned equity offerings, DER, ROA, CR, PBV, stock returns, financial performance, stock performance, wilcoxon signed ranks test.*