ABSTRACT

Initial Public Offering (IPO) is the term of company's activity to sell stocks to public in primary markets. Those primary market listed stocks are generally preffered by investors since they give initial return. The initial return will indicate the occurrence of stocks underpricing when the stocks generally listed and traded in secondary market. Underpricing is a condition in which the stock price at the time of initial offering relatively less expensive than the price in secondary market.

Fourty five listed companies were choosen and analyzed by using multiple regression. The purpose of this study was to analyze the factors that influence the occurrence of underpricing in Indonesia Stock Exchange for the period 2005-2010. Those examined factors are Return on Assets, Earnings per Share, the offering size (Proceeds), the size of the company, the percentage of stock quotes, and the age of the company.

The results of the partial regression analysis showed that the Return on Assets, Earning per Share and the offering size (proceeds) significantly influence underpricing. While simultaneously the company quantity, the percentage of stock quotes, and the age of the company had no significant influence to underpricing

Keyword: Underpricing Return on Assets, Earning per Share, proceeds, company size,percentaqe of public offering , company age