ABSTRACT

This study is performed to examine the effect of size, debt to equity ratio (DER), Net Profit Margin (NPM), and cash flow, toward stock return in LQ 45 companies that is listed in BEI. The objective of this study is to scale and analyze the effect of the company financial ratios performance (*size*, DER, NPM*, and cash flow*) *toward stock return in LQ companies that is listed in BEI over period 2007-2010.*

Sampling technique used here is purposive sampling on criterion (1) the company that trade their stocks in Indonesian Stock Exchange; and (2) the company that LQ 45 per December 2007-2010. The data is obtained based on Indonesian Capital Market Directory (ICMD 2011) publication. It is gained sample amount of 13 companies from 330 companies those are listed in BEI. The analysis technique used here is multiple regression with the least square difference and hypothesis test using t-statistic to examine partial regression coefficient and f-statistic to examine the mean of mutual effect with level of significance 5%. In addition, classical assumption is also performed including normality test, multicolinearity test, heteroscedasticity test and autocorrelation test.

During 2007-2010 period show as deviation has not founded this indicate clasiccal assumption that the available data has fulfill the condition to use multi linier regression model. Empirical evidence show DER to have influence toward stock return at level of significance less than 5%, and size, NPM and cash flow have not influence toward stock return at level of significance more than 5%.

Keywords: Size, Debt to Equity Ratio (DER), Net Profit Margin (NPM), Cash Flow, and Stock Return