Abstract

This research examined the influence of current ratio, investment opportuity set, return on equity, debt to equity ratio and earning growth to Price earning ratio on Automotive and Allied Companies listed in Indonesia Stock Exchange for the period of 2006 – 2009.

The population observed in this research are Automotive and Allied product companies listed in Indonesia Stock Exchange during the years 2006-2009. Determination of sample use purposive sampling method. Based on this method found 10 companies qualify as a sample in this research. Data were analyzed using linear regression test has been performed previously classical assumptions and hypotheses were tested using F test and t test at a significance level of 5%.

The results showed that the data meet the assumptions of classical studies and is in a normal distribution. The result of F-test showed that F amounted to 6,552 while the F table is at 2.46. this result illustrates that independent variables are current ratio, Investment Opportunity Set, Return on Equity, Debt to Equity Ratio and Earning Growth simultaneously have a significant influence on the Price Earning Ratio as the the dependent variable. Based on the results of the regression equation is obtained regreasi PER = 6.276 + 0.313 CR + 0.591 IOS – 0.525 ROE + 0.130 DER – 0.102 EG. From the results of hypothesis testing showed that current ratio and Invesment opportunity set have positive and significant effect on Price Earning Ratio of the company through profitability. Return on equity have negative and significant effect on Price Earning Ratio. Debt to equity ratio have positive and not significant effect, and the earning growth has negative and not significant effect on Price earning ratio.

Key-words : Current Ratio, Investment Opportunity Set, Return on Equity, Debt to Equity Ratio, Earning Growth, Price Earning Ratio