ACKNOWLEDGEMENT

All the praise and worship to Almighty Jesus Christ because of His grace only the author can finished this research entitle “Empirical Studies On Eva And Profitability Ratios Association With Annual Stock Return For Indonesia Companies”.

The author would like to say sincere gratitude for all the support, accompany suggestion, and guidance that has been given throughout the completion of this thesis.

1. My Father, Mother and Sister, who never tired in supporting me through perpetual prayers and existence along the research process.
2. My Pui who never failed in supporting me throughout the days through continuous prayers and existence.
3. Dr. Junius Tirok as my thesis advisor for his guidelines, ideas, tutor, and support especially encouragement to finish this thesis in the optimum manner.
4. Prof. Edi Abdurachman Ph.D as my thesis coordinator.
5. Lecture and academic staff of Binus business school.
6. My classmate in master applied finance MA03 in Binus business school.
7. All the author colleagues in PT Excelcomindo Pratama especially previous marketing post paid team, previous revenue assurance & fraud management team, and current customer analytic team.
8. My entire past and present supervisor in PT. Excelcomindo Pratama your kind understanding and support throughout my study days.

Jakarta, March 2009
Doan Siscus Kaldianto Lingga
ABSTRACT

This research is intended to analyze the influence of Economic Value Added (EVA) and profitability ratios measurement to Indonesia public companies stock returns. The companies are firms that are listed in Indonesia Stock Exchange (IDX) and taking part in LQ45 group. The profitability ratios that are used in this research are profit margin (PM), return on sales (ROS), return on equity (ROE), and return on asset (ROA).

The aim of this research is to prove the claim that EVA is associated more to company annual stock return rather than profitability ratios. The methodology that is used in this research are multiple regression test to measure the significance between EVA, profit margin (PM), return on sales (ROS), return on equity (ROE), and return on asset (ROA) with the company annual stock returns.

The research result shows that in the end the research prove that EVA not dominates profitability ratios in association with company stock returns. The evidence indicates that profitability ratios are closely associated with company stock returns with the highest significance. In more specific, return on equity (ROE) is the most associated profitability ratios with stock returns followed by return on assets (ROA).

Key words: EVA, profitability ratios, profit margin (PM), return on sales (ROS), return on equity (ROE), return on asset (ROA), company annual stock return
In whom are all the secret stores of wisdom and knowledge

(Kolose 2:3)
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