SUMMARY

RUDIANTO SARWO WIBOWO. Analysis of price earning ratio relationships against firm value in PT Karya Perkasa Indonesia. Supervised by HERMANTO SIREGAR and TRIAS ANDATI.

The case studies in this thesis is done in a private company to run its business as well as residential housing developer. The company owns a residential construction permit from the City of Depok Government of approximately 50 hectares. This study will attempt to assess the solvency of the company and learn about the relationship of firm value against the company's earnings and equity value in 2008-2011.

Previous research has been conducted by Mahmood, Affandi, Baharuddin Mohamad, Shamsudin (2011) which study of factors associated with optimal capital structure in property companies listed on Malaysia Stock Exchange. The results explained that the developers used external borrowing in supporting to the investment property. The study also explains that the profitability factors are provide a support for the acquisition of debt. The company size and sales growth rate is not a factor that supporting the capital structure of property developers. Research conducted by the Rub (2012), has studied the relationship between capital structure and corporate performance in a number of companies listed on the Palestine Capital Market. This study measures the performance of companies using ROE, ROA, EPS, market value of equity, book value of equity and Tobin's Q. Independent variable has used in the ratio of debt to total assets, the ratio of long-term debt to total assets, the ratio of total debt to total assets and the ratio of total debt to total equity. The study explains that there is a positive relationship between firm performance and capital structure through the accounting approach and the market value approach. The results are shown that there is a statistically significant relationship between capital structure with total debt to total equity. The ratio of book value of equity has a strong relationship with total debt to total assets and the total short-term debt to total assets. Research by Zen (2009) relating to Earning Per Share, Book Value, Economic Value Added and Stock Price several property companies listed in Indonesia Stock Exchange, obtain to the findings that only the Book Value has a significant relationship with stock prices. Aspects of EPS and EVA were found to have a significant relationship with stock prices. Canh and Cuong (2012) has conducted studies on the relationship with the company values of the company's and capital structure on seafood processing companies listed on the Vietnam Stock Exchange. Research using ROE as a measure of the value of the company and the aspect ratio as a measure of debt capital structure. The results of an empirical study that states if the coefficient of the debt ratio reached 59.27% or less then it will have an impact on increasing the company's value. Furthermore, if the coefficient of the debt ratio in the range above 59.27% then it will impact on decreasing the value of the company. This study also ensures that the optimal capital structure ratios with coefficients debt levels do not exceed the amount of 59.27%. Qodriyah (2012) conducted a study on the role of income and cash flows of the company's performance in relation to the life cycle of the company. The research was conducted by studying several
companies listed on the Indonesia Stock Exchange. Results of this study has indicate that the profits can be used to measure the performance of companies in the early stages of company operations while cash flow as a measure of the performance of the company when the company is in the growth stage. Performance measures for the maturity stage is a combination of the company's earnings and cash flow.

Descriptive analysis of the company explained that the level of solvency capital structure in the period 2008 - 2011 from the Debt to Asset Ratio is an average 54% per year which illustrates that the company's capital structure policy is aggressive. Other than that, aspects of DER or debt-to-equity ratio of the company is on average 214% per year, while the industry average DER property is at 122% per year. Based on the amount of DER indicates above that the company's policy on debt tend to be aggressive compared to the industry average.

Testing the independent variable is represented by the ratio of DER, DAR and PER, and the dependent variable firm value can be explained as follows:

- Based on multiple linear regression calculation, the F value obtained was 6,582 and the F table is required by 2585. Conclusions on the results of the hypothesis test is that the F value 6,582 > F Table 2585, with a significance level of 0.000 which more than 0.05 which indicates that the variable DER, DAR, PER and Dummy simultaneous and significant effect on Firm Value or the value of the company. Thus, the H1 can be declared acceptable and reject the alternative hypothesis H0.

- R Square or R2 or coefficient of determination on Firm Value which conveyed that 38% of all of the variables FV can be explained by the variable Debt To Equity Ratio, Debt To Asset Ratio and Price Earning Ratio and Dummy while the other 62% is explained by other factors.

- Variable Price Earning Ratio shows the calculated values of T - 4,740, while the value of T table for 2132, where the corresponding value of T table, then the area is between the value of testing - 2,132 to 2,132. Obtained probability value is 0.000 which is <of probability value of 0.05. Count value T PER - 4,740 is to be submitted that the amount of T count < -T Table, where the conclusion of the test is PER has a negative relationship and have significant influence on the value of the company or H4 can be declared acceptable.

Keywords: Debt To Equity Ratio, Debt To Asset Ratio, Firm Value, Multiple Linier Regression, Price Earning Ratio.