The Effect of Earnings Per Share (EPS) and Price Earning Ratio (PER) on Share Price (Case Study of Adro Energy Indonesia Tbk.)

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Abstract. This study plans to decide and demonstrate the impact of Earnings Per Share (EPS) and Value Procuring Proportion (PER) on share costs in Adro Energy Tbk. organizations in 2017-2023. The information utilized in this study is auxiliary information got from different gatherings, to be specific the Indonesia Stock Trade as organization fiscal reports. The example added up to 1 organization. The examination methods completed are by trying old style suspicions, coefficient of assurance (R2), different direct relapse, and speculation tests (F test and t test). In view of the consequences of the examination, it very well may be reasoned that at the same time PES essentially affects the offer cost of Adro Energy Indonesia Tbk organizations recorded on the IDX for the 2017-2023 period, while PER doesn't altogether affect the offer cost of Adro Energy Indonesia Tbk organizations recorded on the IDX for the 2017-2023 period.

Keywords: PES, PER, Share Price

INTRODUCTION

Securities are used to obtain funds from business operations so that the company can compete with other companies. The capital market is a place for companies that need funds to make investments and funding. Investors who want to make a profit will choose good company performance.

Published corporate financial statements allow analysis of the performance of companies going public. Stock buying and selling decisions are made based on this data. In addition to this information, investors will usually look at the company's stock price. because it explains its operational management. When a company has a good performance, its stock price may increase, but when it performs poorly, its stock price will fall.

Investors can use stock price movements to buy or sell stocks. Therefore, it is very important to conduct stock price analysis through technical or fundamental analysis. Specialized investigation can be utilized so that momentary speculation can perceive how stock costs change over the long run, while central examination is typically utilized for long haul ventures to gauge future stock costs by checking an organization's monetary proportions out. Companies must consider fundamentals when attracting long-term investments.
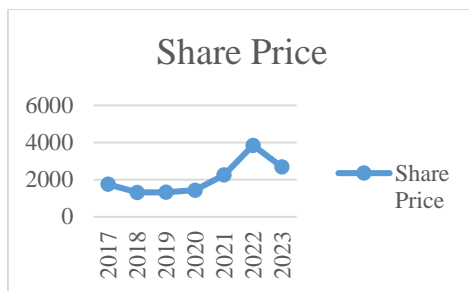
Figure 1. Average Share Price of Adro Energy Tbk Company in 2017-2023

Source: processed www.idx.co.id .

Adro Energy Indonesia Tbk.'s share price varies from 2017 to 2023. In 2017 the price reached IDR 1748, in 2018 the price dropped to IDR 1307, in 2019, the price increased by IDR 1320, and in 2020, the price increased by IDR 1430. In 2021, the price increased by IDR 2250, in 2022, the price increased by IDR 3850, and in 2023 it decreased by IDR 2681. Financial ratios are one of the many causes of these ups and downs.

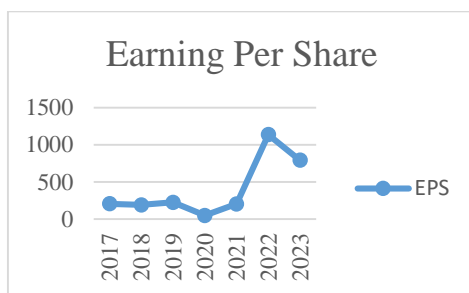The following is the development of EPS in Adro Energy Indonesia Tbk. for 2017-2023.

Figure 2. Average PER of Adro Energy Tbk Company for 2017-2023

Source: processed www.idx.co.id .

The figure above shows that in 2017-2023 EPS at Adro Energy Indonesia Tbk experienced fluctuations. Earnings per share in 2017 it reached IDR 204.62 per share, in 2018 it decreased by IDR 189.03 per share, in 2019 it increased by IDR 223.87 per share, in 2020 it decreased by IDR 47.32 per share, but in 2021 it increased by IDR 202.23 per share, in 2022 it increased by IDR 1134.4 per share and in 2023 it decreased by IDR 790.76 per share. This shows the amount of income on investors' shares.

The following is the development of PER in Adro Energy Indonesia Tbk. in 2017-2023.
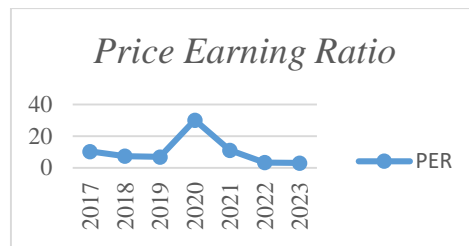

Figure 3. Average PER of Adro Energy Tbk Company in 2017-2022

Source: processed www.idx.co.id .

The figure above shows that in 2017-2023 the PER of Adro Energy Indonesia Tbk. experienced fluctuations. In 2017 the price earning ratio was 10.36 times, in 2018 it decreased by 7.41 times, in 2019 it decreased by 6.95 times and in 2020 it increased by 30.22 times. In 2021, 2022 and 2023 decreased by 11.13 times, 3.39 times and 3.1 times. The increase and decrease show the amount of investor confidence in the company's ability to earn profits in the future.

Research Objectives

a. Knowing and proving the effect of Earnings Per Share (EPS) on the share price of Adro Energy Tbk. in 2018-2023.
b. Knowing and proving the effect of Price Earning Ratio (PER) on share prices in Adro Energy Tbk. companies in 2018-2023.

Previous Research

Research conducted by Eny Widayawati, Gersia Alexandro Yunion, Sri Nuringwahyu (2023) shows that EPS has a significant effect on stock prices.

1. Research conducted by Selbin Limbu Makaba, Agustinus Mantong, Lisa Kurniasari Wibisono (2024) shows that EPS has a significant effect on stock prices. And PER has no significant effect on stock prices.
2. Research conducted by Annisa Nauli Sinaga, Kristina Wijaya, Amanda Parawansa, Mitha Christina Ginting (2024) shows that EPS and PER have a significant effect on stock prices.
3. Research conducted by Lisa Permatasari, Sunita Dasman (2024) shows that EPS and PER have a significant effect on stock prices.
4. Research conducted by Rasti Ristiya, Andre Suryaningprang, Erna Herlinawati, Yoyo Sudaryo, Dedi Supiyadi (2024) shows that EPS and PER have a significant effect on stock prices.

Problem Statement

Based on the foregoing, it is concluded that:

a. Does Earnings Per Share (EPS) affect the share price of Adro Energy Tbk. in 2017-2023?

b. Does the Price Earning Ratio (PER) affect the share price of Adro Energy Tbk. in 2017-2023?

RESEARCH METHODS

Earning Per Share

Cashmere (2017: 207) Earning Per Share shows the magnitude of the profit for the investor. The higher this ratio, the higher the shareholder satisfaction.

$$EPS = \frac{Net\ profit}{Number\ of\ outstanding\ shares}$$

Price Earning Ratio

Warren et al (2016: 864) Price Earnings Ratio used to quantify the future income possibilities of an organization. The high worth per share affects the market worth of the stock to be more costly.

$$PER = \frac{Stock\ market\ price}{Earnings\ per\ share}$$

Share Price

Anoraga in Mira Adriyani (2024: 49) A share price is a monetary value that comes with proof of ownership of a company. The share price used is the closing price of Adro Energy Indonesia Tbk. shares on December 31, 2019 until 2022.
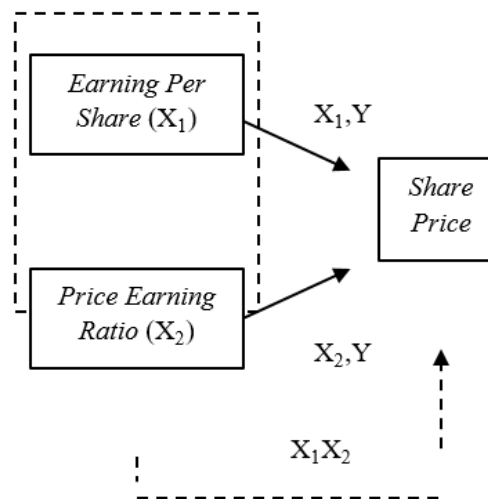
Research Design

Figure 4. Framework

Source: Data Processed (2024)

Place and Time of Research

H^1: The share price of Adro Energy Indonesia Tbk. on the IDX is positively influenced by EPS.

H^2: The share price of Adro Energy Indonesia Tbk. on the IDX is positively influenced by the PER.

Classical Assumption Test

To obtain valid parameters, classical assumption tests must be performed before hypothesis testing. The classic assumption tests in this study are normality, multicollinearity, heteroscedasticity, and autocorrelation tests.

1. Normality Test

   Widodo (2018: 80) The normality test provides information on whether a regression model is normally distributed. This testing method can use graphical analysis or statistical testing. This test uses the Kolmogorov-Smirnov method. Assuming that the importance esteem > 0.05, the information is ordinarily conveyed..

2. Multicollinearity Test

   Widodo (2018: 78) This test shows whether there is a relationship between independent variables. This method uses tolerance and variance inflation factor (VIF). The criteria for the absence of multicollinearity are tolerance values > 0.10 and VIF < 10.

3. Heteroscedasticity Test

   Widodo (2018: 80) The heteroscedasticity test shows whether the residue has heteroscedasticity. The method used is to examine the flowchart. If the plot forms

randomly scattered dots and does not have a clear pattern, heteroscedasticity does not occur.

4. Autocorrelation Test

    Widodo (2018: 79) The autocorrelation test shows whether there is a relationship between the current error and the previous error. The method for detecting autocorrelation is the Durbin-Watson test using the following criteria:

    a. Positive autocorrelation if dw < dl

    b. Negative autocorrelation if dw > (4 – dl)

    c. There is no autocorrelation if dl < dw < (4 – dl)

    d. It is inconclusive if dl < dw < du or (4 – dl)

Coefficient of Determination

Sanusi (2016: 136) The coefficient of determination (R^2) is the ratio of two or more independent variables that describe the dependent variable. Lupiyoadi and Ikhsan (2015: 165) The use of Adjusted R-Square R^2 for multiple regression, that is summary of the output model of SPSS test results.

Multiple Linear Regression Analysis

Sanusi (2016:134) Multiple linear regression is a mathematical model of the relationship between two or more independent variables and one dependent variable. Because of the difference in scale types between Y and X, the data is transformed using natural logarithms so that the functional form is using a semilogous model.

$$\ln = \ln \alpha + + + Y b_1 X_1 b_2 X_2 e$$

Information:

Ln Y = Natural Stock Price Log

X_1 = Earning Per Share (EPS)

X_2 = Price Earning Ratio (PER)

Test the hypothesis

1. Test F

    Sanusi (2016: 137) Simultaneous testing (F test) is used to test whether multiple linear regression models can be used. The F test method is to compare the value F_{count} with F_{table} at $\alpha = 5\%$; df = k; n − (k + 1). The hypothesis will be accepted using criteria $F_{count} > F_{table}$ and Sig < $\alpha = 5\%$.

2. Test t

Sanusi (2016: 137) Partial tests are used to test the effect of independent variables when tested separately. The trick is t_count to compare with t_table and α = 5%. Acceptance of the hypothesis if t_count > t_table, Sig < α = 5%...

RESEARCH RESULTS AND DISCUSSION

1. Normality Test

This test tells you whether the data distribution is normal. The trick is the Kolmogorov Smirnov test with the condition that the sig value > 0.05.

Table 1. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		7
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	322.4912510
Most Extreme Differences	Absolute	.246
	Positive	.246
	Negative	-.188
Test Statistic		.246
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: Data Processed (2024)

From the test hail above shows a sig value of 0.20 > 0.05, the regression model is normally distributed.

2. Multicollinearity Test

This test informs whether there is a relationship between independent variables. Multicollinearity does not occur if the VIF value < 10 and the tolerance value > 0.1.

Table 2. Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	950.433	418.247		2.272	.085		
	Earning_Per_Share	2.401	.512	1.034	4.692	.009	.615	1.627
	Price_Earning_Ratio	16.929	22.163	.168	.764	.488	.615	1.627

a. Dependent Variable: Harga_Saham

Source: Data Processed (2024)

Based on the results above, it is known that the VIF value of EPS and PER variables < 10 and a tolerance value of > 0.10 means that there are no symptoms of multicollinearity in the two variables.

3. Heteroscedasticity Test

This test tells whether there is a different residual variation for each observation.
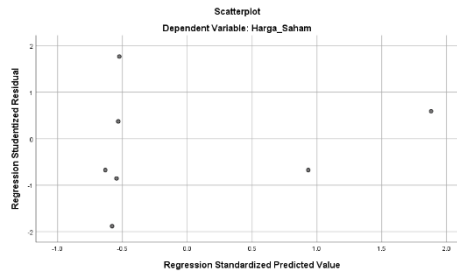

Figure 5. Heteroscedasticity Test

Source: Data Processed (2024)

This diagram explains that heteroscedasticity does not occur because the data is scattered randomly and does not form a specific pattern.

4. Autocorrelation Test

This test tells whether there is a relationship between the faults of the gadfly at any given time. This test method is how to compare the Durbin-Watson value with the d_tabel.

Table 3. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.938[a]	.881	.821	394.96951	1.789

a. Predictors: (Constant), Price_Earning_Ratio, Earning_Per_Share
b. Dependent Variable: Harga_Saham

Source: Data Processed (2024)

The criterion of no autocorrelation occurs in the regression model, namely du < d < (4-dl). The results of Durbin-Watson values in the summary model are 1.789 < 1.896 < 3.533, so there is no autocorrelation, which means that the linear regression model in this study is good and there is no correlation between confounding errors.

Results of the Coefficient of Determination (R^2)

The coefficient of determination (R^2) informs the proportion X describes Y by looking at the table R_Adjusted^2.

Table 4. Coefficient of Determination (R^2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.938[a]	.881	.821	394.96951	1.789

a. Predictors: (Constant), Price_Earning_Ratio, Earning_Per_Share
b. Dependent Variable: Harga_Saham

Source: Data Processed (2024)

The table above is known to be a value $R\_Adjusted^2$ of 0.821 or 82.1%, meaning that the stock price (Y) is explained by EPS (X_1) and PER (X_2) of 82.1% and 17.9% is explained by other factors.

Multiple Linear Regression Analysis Results

Multiple linear regression is a mathematical model that tells the relationship of two or more independent variables with the dependent variable.

Table 5. Multiple Linear Regression

		Coefficients^a						
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	950.433	418.247		2.272	.085		
	Earning_Per_Share	2.401	.512	1.034	4.692	.009	.615	1.627
	Price_Earning_Ratio	16.929	22.163	.168	.764	.488	.615	1.627
a. Dependent Variable: Harga_Saham								

Source: Data Processed (2024)

The table above describes the linear regression model, namely:

Ln Y = 950.433 + 2.401X_1+ 16.929X_2

From this equation it is known, namely:

1. The constant value is 950.433 which means that if EPS (X_1) and PER (X_2) are zero, then the stock price is 950.433.

2. The regression coefficient of EPS (X_1) is 240.1%, meaning that there is a harmonious relationship between stock price and EPS. If EPS increases by one unit while the other does not change, the share price will increase by 240.1%.

3. The regression coefficient of PER (X_2) is 1692.9%, meaning that there is a harmonious relationship between the stock price and the PER. If the PER increases by one unit while the other does not change, the stock price will increase by 1692.9%.

Hypothesis Test Results

1. Test F

   F test or simultaneous test that serves to see if multiple linear regression models can be used. The regression model will be accepted when the $F\_count > F\_table$ value or sig value < 5%.

Table 6. Test F

		ANOVA^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4605560.073	2	2302780.036	14.761	.014^b
	Residual	624003.642	4	156000.910		
	Total	5229563.714	6			
a. Dependent Variable: Harga_Saham						
b. Predictors: (Constant), Price_Earning_Ratio, Earning_Per_Share						

Source: Data Processed (2024)

The table above tells the sig value of $0.014 < 0.05$ with a value F_{count} of $14.761 > F_{table}$ 4.737 meaning that EPS and PER have a positive and significant effect on the stock price. So that the hypothesis that the share price of Adro Energy Indonesia Tbk on the IDX is positively influenced by EPS and EPR is accepted.

2. Test t

The t-test informs of the partial effect of the independent variable on the dependent variable. The hypothesis will be accepted if $t_{count} > t_{tabble}$ or sig $< 5\%$.

Table 7. T test

Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	950.433	418.247		2.272	.085		
	Earning_Per_Share	2.401	.512	1.034	4.692	.009	.615	1.627
	Price_Earning_Ratio	16.929	22.163	.168	.764	.488	.615	1.627

a. Dependent Variable: Harga_Saham

Source: Data Processed (2024)

3. Testing the second hypothesis (H_1)

a. From the results of the study, the value of sig EPS (X_1) $0.009 < 0.05$ with a value of t_{count} $4.692 > t_{tabble}$ 1.895 means that EPS has a positive and significant effect on stock prices. So that the hypothesis that the share price of Adro Energy Indonesia Tbk on the IDX is positively influenced by EPS is accepted.

b. From the results of the study, the value of sig PER (X_2) $0.488 > 0.05$ with a value of t_{count} $0.764 < t_{tabble}$ 1.895 means that EPS does not have a positive and significant effect on stock prices. Therefore, the hypothesis that the share price of Adro Energy Indonesia Tbk on the IDX is positively influenced by EPS is not accepted.

CONCLUSION

Based on the results of the research that has been carried out and the discussion of the research results, the following conclusions can be drawn:

1. Earnings Per Share partially has a significant effect on the share price of Adro Energy Indonesia Tbk listed on the IDX for the 2017-2023 period.

2. Price Earning Ratio Partially does not have a significant effect on the share price of Adro Energy Indonesia Tbk listed on the IDX for the 2017-2023 period.

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