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The Influence of Net Profit Margin, Debt to Equity Ratio, Return on Equity, and Earning per Share on the Share Prices of Consumer Goods Industry Companies in Indonesia.

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ABSTRACT

This study attemps to examine effects of Net Profit Margin, Debt to Equity Ratio, Return on Equity, and Earning per Share on the stock prices of the Consumer Goods Industry sector in the period 2015-2019. The data used in this research are secondary data obtained from the company's financial statements in the consumer goods industry sector, amounting to 37 entities. Hypotheses testing are done using the F test to see its effect simultaneously and the t test which is intended to see the effect partially. By using multiple regression analysis, this study found that partially the net profit margin, return on equity, and earnings per share variables had a positive and significant effect on the company's stock price in the consumer goods sector. While the debt to equity ratio has no effect on the company's stock price on the Bursa Efek Indonesia (BEI). Simultaneously the net profit margin variable, debt to equity ratio, return on equity, and earnings per share have a significant effects on the stock prices of the consumer goods industry sector companies on the Bursa Efek Indonesia (BEI)
***Keywords**: Net Profit Margin, Debt to Equity Ratio, Return on Equity, Earning per Share, and Stock prices*

A. Background

A commitment to a number of funds or other sources of funds with the aim of generating benefits in the future is called investment (Tandelilin, 2010: 10). Investor always tries to optimize the income derived from each investment activity undertaken. However, every investment activity will always be faced with two possibilities, namely risk and return. While the characters by investor always want to avoid risk and optimize profits. Therefore, each investment activity that will be carried out, it should begin with a series of careful and precise analysis processes in order to obtain an adequate return. Thus, adequate knowledge related to the portfolio analysis techniques and understand the factors that must be considered to determine the best investment instruments should has by the investor (Martalena and Maya, 2011: 14).

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The factors that are predicted strongly to influence the movement of stock prices and stock returns are external factors (systematic risk) and internal factors (unsystematic risk). The intended external factors are macroeconomic factors, such as exchange rates, interest rates, and others. Macroeconomic factors will affect in general, while internal or microeconomic factors affect individually (Sudana, 2015: 397). Microeconomic factors are used to analyze the performance of each issuer by using financial ratio indicators, such as Net Profit Margin (NPM), Current Ratio (CR) Gross Profit Margin (GPM), Earning per Share (EPS), Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR), Return on Investment (ROI), Return on Assets (ROA), Return on Equity (Kasmir, 2015: 156). Thus, financial ratios become parameters in predicting stock price returns and movements.

The company's ability measured by Net Profit Margin (NPM) to generate net profits after tax, while to compare the value between the amount of liabilities held by a company and the amount of capital a company Debt to Equity Ratio (DER) is used. Current Ratio (CR) is a measuring tool to see the company's ability to meet its current obligations. Return on Equity (ROE) is used for the level of profit by comparing the amount of net profit after tax with total own capital. Debt to Asset Ratio (DAR) is used to see the level of maturity in the value of a company's assets to complete all its obligations. Refer to Kasmir (2014: 156) earning per Share (EPS) is a ratio used to measure the level of a company's ability to generate net profits on each share . The investors will help by these ratios to judge the best issuers.

Correspondingly, the financial statement is one important source of information that always be considered by investors when making investment decisions. Changes in the value of financial ratios will affect the behavior of investors in making requests and offering shares. This, in line with James and Chaton (2008: 2) that for decision making by internal parties, the financial statement which is used as a basis, such as management and employees, and for external parties, such as investors, creditors, suppliers, and others.

Table 1 Number of Issuers and Consumer Sector Stock Indices Goods Industry in 2015-2019

Period	Total of Issuers	Sectoral Indices
2015	37	2.064,91
2016	39	2.324,28
2017	47	2.861,28
2018	50	2.404,56
2019	56	2.052,65

Source: Monthly Statistic, 2019

Observing the movement of indices in the past five years for the group of companies, shows that movements tend to fluctuate from time to time. It can be concluded from these data that the performance of companies tends to be inconsistent in the last five years in the sector of consumer goods industry. However based on the information obtained, the consumer goods industry sector is a very resilient sector to various economic shocks. If we observed, it turns out that the situation is different, where from 2015 to 2017 the stock price index in the consumer industry sector experienced a growth trend but until 2019 the value of the Consumer goods Industry sector's stock price index has decreased.

In line with this description, this phenomenon is interesting to study in order to see the effect of financial ratios with the price movements of companies incorporated in the consumer goods industry group. This sector consists of five subsectors, such as the food and beverage subsector, the cigarette subsector, the pharmaceutical subsector, the cosmetics subsector, the household equipment subsector (Monthly Statistics, 2019). One of the attractions in the company is the type of goods traded, such as goods for daily necessities. The increasing trend of public consumption, shows to us that information is positive for investors related to the increasing number of sales to be obtained by the company. Therefor, in the end it will also increase the company's revenue and profit. This situation will attracte the investors to buy company’s shares.

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Furthermore, some studies assert different results. The work of Ria Andriyani (2012) found that the Net Profit Margin (NPM) had a significant effect on the price of Food and Beverage shares listed on the BEI, in line also with a research conducted by Manoppo O. Vera Ch. at. al., (2017), who found that the Net Profit Margin (NPM) variable had a significant effect on stock prices, while Debt to Equity Ratio (DER) did not significantly influence the stock prices of Food and Beverages Companies Listed on the BEI. In contrast to the research results by Eko Widarta Utama (2018) where Net Profit Margin had no significant effect on the company's share price of PT. Unilever Tbk in the period of 2011-2016. Then, the same study was carried out by Tamara Oca at. al., (2013) stated that the Debt to Equity Ratio (DER) has a positive and significant effect on the stock prices of Industrial Companies listed on the BEI. Research by Dedi Kusumayadi, et al., (2018: 1) concluded that the Debt to equity ratio had a negative and significant effect on stock returns in the LQ 45 index group on the BEI.

Then, research conducted by Hilmi Abdullah (2016) found that Debt to Equity Ratio (DER) had a positive effect on the prices of mining companies listed on the BEI. In contrast to the results of the study found by Dorothea Ratih Aprianti (2013) that Debt to Equity Ratio (DER) had no effect on stock prices. The same study conducted by Endah Sriwahyuni and Rishi Septa Saputra (2017) found that partially Debt to Equity Ratio (DER) had no significant effect on the stock prices of pharmaceutical industry companies on the BEI. Budhi Suparningsi (2017), found that Debt to Equity Ratio, Net Profit Margin Earning per Share had no significant effect on the stock prices of Indonesian Stock Exchange Textile and Garment Industry companies.

Some another results such as by Reynard Valintino at. al., (2013) found that Return on Equity (ROE) has a significant effect on stock prices, contrary with the results of research conducted by Hilmi Abdullah at. al. (2016) that Return on Equity (ROE) has no significant effect on stock prices. Also research by Endah Sriwahyuni and Rishi Septa Saputra (2017) found that partially Return on Equity (ROE) and Earning per Share (EPS) did not significantly influence the stock prices of pharmaceutical industry companies on the BEI. The same findings from the results of research by Sugiarti and Suyanto (2007: 87), that Earning per Share has no significant effect on the price of banking shares listed on the Indonesia Stock Exchange. In contrast with the research result conducted by Tamara Oca Viandita (2013) who found that Earning per Share (EPS) had a dominant influence on the stock prices of Industrial companies listed on the BEI. Similarly with the study conducted by Pasaribu (2008: 108) and Wiguna (2008: 140), which asserted that Earning per Share (EPS) had a positive and significant effect on the stock prices of Industrial companies listed on the BEI.

Based on different results of previous research, these variables are considered need further exploration in order to prove the effect of financial ratios on the movement of stock prices in the Consumer Goods Industry sector. Therefore this study is interested to conduct a research with the title "The Effect of Net Profit Margin, Debt to Equity Ratio, Return on Equity, and Earning per Share Against the Stock Prices of Consumer Goods Industry Sector Companies".

B. Literature Review

1. Management

Caurrently, the word of "management" is not a new term. Management is very closely related term to organizations, both profit organizations and non-profit organizations. The term management in English language is manage, means taking care of, controlling, trying and leading. In etymology, understanding management is the art of implementing and regulating. Some researchers such as Mary Farker Follet (1997), defined management as the art of getting things done through people (Ernie Tisnawati S. at all, 2005: 5). According to Nickels, Mchugh (1997), management is a process carried out to realize organizational goals through a series of activities, in the form of planning, organizing, directing, and supervising the efforts of members of the organization and other resources in order to achieve the targeted goals (Ernie Tisnawati S., at al., 2005: 6).

2. Finance

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Finance is everything about money to be managed in an organized manner to achieve the goals set (Sutrisno, 2007: 212).

3. Financial Management

Financial management is a management activity based on its function, which is trying to ensure that the carried out business activities are able to achieve its objectives economically as measured by profit. The task of financial management, among others is planning financial business, then make sure the funds appropriately allocated. (Sutrisno, 2007: 214). In term of indicators we have another related definition that is financial performance which only uses profitability indicators, liquidity indicators, leverage indicators and active indicators to assess the success of the company's financial performance (Sayyidah, Assagaf, Possumah, 2019)

C. Fundamental Analysis

Fundamental analysis is an analysis based on the economic fundamentals of a company and focuses on the company's financial ratios and other events that also affect the company's financial condition. This analysis aims to identify the company's prospects through the factors that influence it and can be used to estimate stock price movements in the future (Husnan, 2009: 48). Usually in the decision making process, investors consider the value that can represent the true value of shares, namely the intrinsic (fundamental) value obtained from the company's financial statements. Fundamental value is the value that should be on shares (Jogiyanto, 2013: 160).

1. Financial Report

Financial statement is the end result of a whole series of financial transaction records that are prepared based on accounting standards which have been set in the statement of financial accounting standards (PSAK). Knowledge and understanding of good accounting records are very supportive in the delivery of real financial position information. In the financial statements, information related to company performance is obtained by using analysis of financial ratios. Therefore, financial statements will be the basis for decision making by those concerned, both by internal parties, namely management and employees of the company, as well as by external parties, such investors, creditors, and the government (Darsono and Ashari, 2005: 56; James dan Chaton, 2008:2).

The financial statements also function as a responsibility to the owners of capital for managing the resources that have been entrusted to the management. The financial statement component consists of income statement, statement of changes in equity, balance sheet, cash flow statement and notes to the financial statement (Heri, 2015: 3). Thus it can be concluded that, financial statement is a report that can provide information about company performance within a certain period of time through the analysis of financial ratios.

2. Financial Ratio

Financial ratios are index values formed from comparing two accounting numbers contained in financial statements. Ratios as parameters used to assess company performances. Those ratios are as follow: Current Ratio, Net Profit Margin, Debt to Equity Ratio, Return on Equity, Earning per Share, Price Earning Ratio, Debt to Asset Ratio, and other ratios (Kasmir, 2015: 156) .

2.1 Net Profit Margin (NPM)

Every organization must have a goal, either profit organizations or non-profit organizations. One of the goals of the profit organization is to obtain optimal profits. Profits can be obtained if the product sold beyond its price. The amount of profit obtained by the company can also be seen from

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the value of the Net Profit Margin Ratio, which is one of the ratios used to measure the amount of profit margin on sales. The way to measure this ratio is by comparing net income after tax with net sales (Kasmir, 2012: 199; Riyanto Bambang, 2010: 37; Moh. Beenny Alexandri, 2008: 200). The greater the value of the ratio, the better the level of the company's ability to make a profit. Based on this value, investors can evaluate whether the company is profitable or not (Darsono and Ashari, 2005: 56). The higher the net profit margin, the better the operation of a company "(Lukman Syamsuddin, 2009: 62). *Net Profit Margin* (NPM) can be formulated as follows:

NPM = Net profit after tax/ Net sales x 100 %

The high NPM ratio will cause a company to be considered good performance, besides it will increase also the attractiveness of investors to invest capital because the higher NPM indicates the company's profit is getting bigger (Sutrisno, 2007: 81) see also Maisyarah, et.al (2018)

2.2 *Debt to Equity Ratio* (DER)

Debt to Equity Ratio is a financial ratio that can be used to measure the ability of owner's capital to cover all obligations, both short-term debt and long-term debt. The value of Debt to Equity Ratio can be used to measure the level of company dependence by outsiders. The higher the value of Debt to Equity Ratio, the higher the level of company’s dependence on outsiders. Vice versa, the lower the value of Deb to Equity Ratio, the lower the level of company’s dependence on outsiders (Kasmir, 2015: 151). There are several benefits of using Debt to Equity Ratio, such as: 1) To calculate and measure the amount of profit obtained; 2) To assess the development of profit periodically; 3) To assess the amount of net profit after tax with own capital; 4) To measure the level of productivity of the company from all funds used, both funds sourced from debt and from their own capital. *Debt to Equity Ratio* can be formulated as follow:

$$\text{Debt to Equity Ratio} \quad \frac{\text{Total Debt}}{\text{Equity}}$$

2.3 *Return on Equity* (ROE)

Return on Equity is a financial ratio that commonly used to measure the level of profits of a company by comparing the net profit after tax with total own capital (Kasmir, 2015: 204). This ratio is used to measure the level of return on capital of each investment made in a company through the purchase of stock portfolio purchases (Riyadi, 2006: 155).

According to Kasmir (2015:204) *Return on Equity* can be generated by using the formula as follow:

$$\text{Return on Equity} = \frac{\text{Earning after Interest and Tax}}{\text{Equity}}$$

The benefits of Return on Equity (ROE) is providing information on the amount of net profit obtained after deducting taxes with own capital, as well as providing information on the level of productivity of all funds managed by the company, both sourced from own capital or from loans, and measure the level of efficiency of the use of each capital (Kasmir, 2015: 198).

2.4 Earning per Share (EPS)

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According to Tandelilin (2010: 365), Earning per Share (EPS) is a comparison between total net income and the number of shares of a company. This value is used to measure the level of the company's ability to provide a net profit on each outstanding share. The higher the value of Earning per Share (EPS), the higher the value of net opinion to be obtained, and vice versa. This ratio shows the level of ability of the company in producing net profit which is intended by shareholders based on the number of shares owned (Saleh, 2009: 64). In addition, earnings per share (EPS) provides an overview of future earnings prospects. Earning per Share (EPS) value can be calculated using the following formula (Tandelilin, 2010: 374):

$$\text{Earning per Share} = \frac{\textit{Net Profit}}{\text{Total of circulate shares}}$$

3. Stock Price

Ownership of shares is the evidence that shows the magnitude of the rights of wealth in an organization. One alternative that is commonly chosen by company to increase its working capital is to issue shares. The advantage of this instrument is that it promises an adequate level of profit. In addition, this instrument is very liquid, because it is easy to be transferred through stock sales activities that take place in the capital market. Based on its function (Husnan, 2013: 30), stock prices are divided into three types of prices, namely Par Value, Base Value, Market Value. Prices obtained in the capital market are market prices that are dynamic, can rise above the base price, and can also fall below the base price, depending on market mechanisms and investor perceptions (Christine, 2012).

C. Research Methodology

1. Research Method

This research uses explanatory research design (confirmatory) which confirms the effect of the value of the Net Profit Margin, Debt to Equity Ratio, Return on Equity and Earning per Share on the stock prices of the Consumer Goods Industry sector companies on the Indonesia Stock Exchange (BEI). This design is used to confirms the relationship or influence between variables or constructs. This is in line with what was stated by Zikmund (1994) that casual research is designed to identify casual and effect relationships between variables where the research problem has been clearly defined.

The research subjects were 37 companies listed in the Consumer Goods Industry sector, while the object of research is the share price of Consumer Goods Industry companies that have been published through the official website of the BEI

2. Research Data

This study uses secondary data sourced from the financial statements of all companies incorporated in the Consumer Goods Industry group obtained through Monthly Statistics, and the Capital Market Book Directory Index which have been published on the official website of the BEI. The data to be processed is the 2015-2019 period time.

3. Methodology of Analysis

In this study the multi factor equation model analysis technique is used as explained by Imam Ghozali (2011) in the Consumer Goods Industry company data with the factors that influence it, namely Net Profit Margin (X1), Debt to Equity Ratio (X2), Return on Equity (X3)), and Earning per Share (X4). Data were analyzed using statistical analysis methods, namely multiple linear regression models described in the form of functions as follows:

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$$Y = 21.552 + .833\ X1 - .128\ X2 + .671\ X3 + 1.190\ X4$$

Regression coefficient values for each independent variable, R values, R^2 values, adjust values and calculated f values can be seen in the following tables 1 and 2:

Table 2
Estimation Results of R, R^2, and R AJUST

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.651[a]	.642	.607	1.187127

a. Predictors: (Constant), EPS, ROE, DER, NPM

Table 3
Estimation Results, *SUM OF SQUARES*, *MEAN SQUARE*, and F test

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	32.321	4	8.482	5.978	.017[b]
	Residual	44.346	48	1.409		
	Total	76.667	52			

a. Dependent Variable: Stock Price
b. Predictors: (Constant), EPS, ROE, DER, NPM

Some decisions that can be taken from Table 4.1 such are: firstly, the value of R = 0.651 or 65.1 percent is the value of the correlation coefficient, this value means the relationship between independent variables namely: Net Profit Margin (X1), Debt to Equity Ratio (X2) , Return on Equity (X3), Earning per Share (X4) to Share Price (Y), which is quite strong. Value R2 = 0.642 is the coefficient of determination. This value means that the variation of the independent variable can explain the dependent variable by 64.2 percent and the remaining 35.8 percent for the variation of other variables not explained in the model. Thus this model is quite feasible.

Secondly, the f test is used to test the effect of the independent variables simultaneously on the dependent variable. From the estimation results obtained f count = 5.975 with a significance of 0.017, then this means that f count is greater than the f table = 2.570 with a significant level of 5% so that H_o is rejected and H_1 is accepted, thus simultaneously there is a significant influence between Net Profit Margin (X1) , Debt to Equity Ratio (X2), Return on Equity (X3), Earning per Share (X4) to stock price (Y).

Furthermore, the individual relationship between the independent variables and the dependent variable can be seen in the following table 4:

Table 4
Estimation Results of Regression Analysis for Independent Variable on Dependent Variables

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Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.552	12.287		.338	.112
	NPM	.833	.478	.648	4.056	.015
	DER	-.128	.776	-.165	1.198	.237
	ROE	.671	.713	.587	3.054	.045
	EPS	1.190	.317	.882	4.598	.023

a. Dependent Variable: Stock Price

Source: Data analysis 2019

Symbols:

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Y = Stock Price (Decimal)
X1 = Net Profit Margin (Ratio)
X2 = Debt to Equity Ratio (Ratio)
X3 = Return on Equity (Ratio)
X4 = Earning Per Share (Ratio)
bo = Constanta

Thirdly, the t test is used to partially test the effect of the independent variable on the dependent variable. From the estimation results obtained a constant value of 21.552. This value means if the net profit margin (X1), debt to equity ratio (X2), return on equity (X3), and earnings per share (X4) are constant, then the company's stock price in the consumer goods industry sector (Y) is 21,552 points.

From the estimation results obtained the value of the Net Profit Margin (NPM) regression coefficient of 0.833 as an effect on the Share Price (Y) in the Consumer Goods Industry sector company. This value means that if the Net Profit Margin (X1) ratio is increased or decreased by 1 unit, the company's share price (Y) will increase or decrease by 0.833 units, with assumption another independent variable is constant. And the t-value = 4.056 and significant value = 0.015, this means that the t-count is greater than t table 2.012, with a significant level of 5%. Then Ho is rejected and H1 is accepted. Therefore, there is a significant influence between the variables X1 on Y.

Results in this study indicate that the movement of Net Profit Margin (NPM) affects the price movement of company shares in the Consumer Goods Industry sector to increase on the BEI that tends to be in tune. This can be explained that the Net Profit Margin (NPM) is one of the financial ratios that is always considered by investors to find out how much the rate of return on capital if investors invest in a company. Thus, the net profit margin reflects the level of investment return ability for shareholders. The higher the ratio of net profit margin, the higher the rate of profit to be distributed to shareholders through dividend distribution. Profitability shows the level of net profit that can be achieved by the company when running its operations (Kasmir, 2008: 211). Thus, the movement of net profit margin which tends to increase will attract investors to buy company shares. In this situation, it can push the company's stock price up, related to the increasing demand made by investors. The results of research conducted by Ade Affiananda, at. al., (2015: 3) and Irvan Deriyaso (2014: 5) found that the represented stock returns proxied by Net Profit Margin (NPM) had a positive effect on stock prices.

The regression coefficient value of the influence of Debt to Equty Ratio (X2) in this study amounted to -0.128 towards the stock price (Y) in the Consumer Goods Industry sector company. This value means, if the value of debt to equity ratio (X2) is increased or decreased by 1 unit, then the

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company's share price in the consumer goods industry sector (Y) will increase or decrease by -0.128 points, with assumption another independent variable is constant. And the value of t arithmetic = -1,198 and significant value = 0.237, then this means t arithmetic smaller than t table 2.012, with a significant level of 5%. Therefore H1 is rejected and H0 is accepted and there is no significant effect between variables (X2) and (Y).

The results of this study indicate that changes in Debt to Equity Ratio (DER) have no effect on company stock prices in the Consumer Goods Industry sector. The results of this study differ from the results of research conducted by Aditya Pratama and Teguh Erawati (2014:1) where debt to equity ratio has a positive and significant effect on the stock prices of manufacturing sector companies on the BEI. Debt to equity ratio reflects the high funds sourced from long-term and short-term debt rather than own capital used to finance companies (Kasmir, 2010: 111). The use of large amounts of debt can erode corporate profits, related to the increasing amount of capital costs. Changes to the debt to equity ratio will affect investors' perceptions negatively. On the other hand demand for shares in these companies tends to decrease and enable to drive the company's stock down. Meanwhile, if what happens is the opposite, the value of debt to Equity Ratio tends to decrease will tend to be responded positively by investors by increasing demand for its shares.

The effect of return on equity (X3) on stock prices (Y) in the Consumer Goods Industry sector company. The result obtained on the return on equity (X3) regression coefficient value is 0.671. This value means that if the ratio of return on equity (X3) is increased or decreased by 1 unit, the stock price of the consumer goods industry sector (Y) will increase or decrease by 0.671 points, with assumption other independent variables are constant. With the t-value = 3.054 and significant point = 0.045, this means that the t-count is greater than t table 2.012, with a significant level of 5%. Therefore Ho is rejected and H1 is accepted and there is a significant influence between variables (X3) against (Y).

The results of this study indicate that the movement of the Return on Equity (ROE) ratio affects the company's stock prices in the Consumer Goods Industry sector in the BEI with a movement pattern tends to be in tune. The movement of the ratio of return on equity which tends to increase, will be responded positively by investors by increasing the number of shares demand because its potential return obtained. Return on Equity (ROE) measures of the rate of return on capital from each stock investment activity (Riyadi, 2006: 155). According to Kasmir (2015: 204) Return on Equity is a financial ratio that is commonly used to measure the level of profits in each company by comparing net income after tax with total own capital (Brigham and Houston, 2011: 133). The higher the ratio of return on equity will also increase the potential return to be received by investors thus the company's stock price increases, related to the increasing number of stock requests by investors. And vice versa, if the ratio of return on equity (ROE) is relatively low, it can push the company's stock price to decline.

The effect of earnings per share (X4) on the stock price (Y) of Consumer Goods Industry companies on the BEI. In this calculation, results obtained that value of the regression coefficient of earnings per share (X3) is 1.190. This value means that if the ratio of earnings per share (X3) is increased or reduced by 1 unit, the stock price of the consumer goods industry sector (Y) will increase or decrease by 1,190 points, with assumption other independent variables are constant. With the t-value of 4.598 and significant value is 0.021, this means that t count is greater than t table 2.012, with a significant level of 5%. Therefore Ho is rejected and H1 is accepted and there is a significant influence between variables (X3) against (Y).

The results of this study indicate that the movement of earnings per share (EPS) tends to be followed by the movement of company stock prices in the Consumer Goods Industry sector on the BEI with a pattern of movement that tends to be in tune. It can be explained that changes in the earnings per share ratio tend to be responded by investors in term of its potential returns. This ratio actually shows the level of the company's ability to generate net income for shareholders which is based on the number of shares owned (Saleh, 2009: 64). Earning per Share (EPS) is used to measure the level of the company's ability to provide a net profit on each circulated share (Tandelilin 2010:

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365). Earning per share is the ratio between the amount of profit and the number of shares outstanding. The higher the ratio of earnings per share by the company, the higher the potential return that investors will get.

In line with that, information on earning per share ratio is considered important for investors because it can provide an overview of future earnings prospects. High earning per share value tends to be preferred by investors to optimize the income derived from each investment activity they do. Thus, the movement of earnings per share ratio which tends to increase will be responded positively by investors by increasing the number of shares demand. The high number of shares demand by investors will push the company's stock price to increase, and vice versa.

D. Conclusion

Based on the description of problems and discussion of the results in the study, the research conclusions can be formulated as follows:

- This study found that the net profit margin had a positive and significant effect on the stock prices of the consumer goods industry sector. Net profit margin ratio tends to move flexibly.
- This study found that debt to equity ratio did not have a positive and significant effect on company stock prices in the consumer goods industry sector.
- This study found that return on equity had a positive and significant effect on the stock prices of the consumer goods industry sector.
- This study found that earnings per share had a positive and significant effect on the stock prices of the consumer goods industry sector.

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