Current Research on Practice Economics and Sharia Finance (CAPITAL)
Vol. 2 No.3 2024
e-ISSN: 3025-4639

The Impact of EPS and DER on Company Value in the Food and Beverage Sector Listed on the Indonesia Stock Exchange: A Case Study of PT Unilever Indonesia Tbk (UNVR)

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Abstract
This study aims to analyze the effect of Earning Per Share (EPS) and Debt to Equity Ratio (DER) on company value, as measured by Price to Book Value (PBV), at PT Unilever Indonesia Tbk listed on the Indonesia Stock Exchange. Using a quantitative approach through multiple linear regression methods, this study utilizes quarterly financial report data for the period 2017 to 2024. The results of the analysis show that neither EPS nor DER have a significant effect on the company's PBV. The t-test value for EPS was recorded at -1.243, while for DER it was 0.302. In addition, based on the multicollinearity test, no symptoms of a relationship between independent variables were found that interfered with the model. This finding indicates that although EPS and DER are important indicators in financial analysis, both do not have a significant effect on company value during the observation period. The results of this study contribute to investors and company management in understanding the factors that influence company value.

Keywords: *Earnings Per Share (EPS), Debt to Equity Ratio (DER), Price to Book Value (PBV*

INTRODUCTION

he food and beverage companies in Indonesia, especially those listed on the Indonesia Stock Exchange (IDX), play a very important role in the economy. One of the major companies operating in this sector is PT Unilever Indonesia Tbk (UNVR), which is widely known for its world-class consumer products. In the stock market, the assessment of a company's value is often based on indicators such as Price to Book Value (PBV), which measures the relationship between the stock price and its book value. However, in measuring and understanding a company's value, various internal factors such as Earnings Per Share (EPS) and Debt to Equity Ratio (DER) play a key role in influencing investment decisions.

EPS shows the extent to which a company is able to generate profits that can be distributed to shareholders, while DER describes the level of debt used by the company to fund its operations. Both are often used by investors to assess the health and prospects of a company. However, the influence of these two variables on PBV is still a topic that needs further study, especially in the context of companies listed on the IDX and operating in the food and beverage sector.

This study is important because although many previous studies have examined the relationship between EPS, DER, and firm value, studies on the influence of both in the food and beverage sector in Indonesia, especially on PT Unilever Indonesia Tbk, are still limited. Along with the development of the digital economy and the increasing complexity of the capital market, there is a need to update our understanding of the factors that influence market perceptions of companies in this sector.

This study focuses on PT Unilever Indonesia Tbk because this company has a significant contribution to the Indonesian economy, both in terms of consumer goods production and its involvement in the capital market. Using quarterly financial report data from 2017 to 2024, this study aims to provide a clearer picture of how EPS and DER affect firm value in the Indonesian stock market, as well as identify whether these factors have a significant impact on PBV.

In theory, this study seeks to enrich the literature on the relationship between EPS, DER, and firm value (PBV), especially in the context of companies listed on the stock exchange in Indonesia. The results of this study can strengthen financial theories related to the factors that influence firm value in the stock market, such as efficient market theory and capital structure theory.

In addition, this study contributes to the development of theory and practice in financial management, especially in debt management and increasing profitability. By understanding the relationship between EPS, DER, and PBV, financial managers can formulate more appropriate policies in managing capital structure and improving the company's financial performance, which will ultimately increase the company's value in the market.

This study is relevant in the current context because of the development of the global economy and increasingly diverse investment trends, especially with the presence of technology that changes the way investors evaluate companies. In the future, companies in Indonesia, especially those listed on the IDX, are expected to be able to optimize their strategies in facing increasingly competitive market challenges. Therefore, it is important to understand the factors that can influence market perceptions of company value, including EPS and DER, so that companies can survive and thrive in a dynamic market.

With the results of this study, it is hoped that it can provide a deeper understanding of the factors that influence company value, which can be used as a reference for investors, academics, and company managers in making better decisions, both in the short and long term.

Companies listed on the stock market, especially the consumer goods sector, are often the focus of investors' attention to assess performance and future prospects. One of the large companies listed on the Indonesia Stock Exchange (IDX) and the focus of this study is PT Unilever Indonesia Tbk. As a multinational company engaged in the consumer goods sector, especially food and beverage products, PT Unilever Indonesia Tbk plays an important role in the Indonesian economy.

In analyzing company value, several financial indicators that are often used are Earnings Per Share (EPS) and Debt to Equity Ratio (DER). EPS measures how much profit can be distributed to shareholders, while DER describes the level of debt used by the company to fund its operations. These two indicators are often used as benchmarks by investors to assess the performance and stability of the company.

Supporting Researchers

This study strengthens the existing literature on the relationship between financial indicators and firm value. Some relevant studies include:

- Fama and French (1992) suggest that firm profitability (such as EPS) affects stock prices, although macroeconomic factors and market sentiment can moderate the relationship. They show that although EPS is an important indicator, external factors are often more dominant in influencing a company's stock price.
- Harris and Raviv (1991) in their Trade-Off Theory state that an optimal capital structure, including the use of appropriate debt, can increase firm value. However, excessive use of debt can increase the risk that affects investor perceptions of the company.
- Modigliani and Miller (1958) in their theory state that higher earnings (EPS) should be directly related to higher firm value. However, in the context of an inefficient market, factors other than EPS can also influence the market's assessment of a company.

METHOD

This study uses a quantitative approach with causal and survey research types. The quantitative approach was chosen because this study aims to measure the relationship between predetermined variables, namely Earnings Per Share (EPS) and Debt to Equity Ratio (DER), to Price to Book Value (PBV) which is a measure of the company's value reflected in the stock price traded on the stock market. The causal research type is used because the main objective of this study is to determine the effect of independent variables (EPS and DER) on the dependent variable (PBV). By using multiple regression analysis techniques, this study will identify whether changes in EPS and DER significantly affect PBV. Meanwhile, the survey method is applied by utilizing existing data in the company's financial statements during the period studied, namely 2017 to 2024.

This study uses a multiple regression design that allows for testing the simultaneous influence of two or more independent variables on one dependent variable. In this case, EPS and DER are tested together to see their contribution in influencing PBV. With this design, researchers can understand the influence of each variable on the company's PBV, as well as evaluate the relationship between these independent variables in influencing the company's value as measured by PBV.

RESULTS AND DISCUSSION

This study aims to examine the effect of Earnings Per Share (EPS) and Debt to Equity Ratio (DER) on Price to Book Value (PBV) at PT Unilever Indonesia Tbk (UNVR). The data used are the company's quarterly financial reports for the period 2017 to 2024. The following are the results of multiple regressions showing the relationship between EPS, DER, and PBV.

Table 1: Regression Results of EPS and DER on PBV

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	75,576	21,212		3,563	,001		
	EPS	-,026	,021	-,242	-1,243	,224	,843	1,186
	DER	1,785	5,901	,059	,302	,764	,843	1,186

a. Dependent Variable: PBV

Source: Data Processed, 2025

Based on the regression results, it can be seen that EPS has a negative coefficient with a p value = 0.224, which indicates that EPS does not have a significant effect on the company's PBV. On the contrary, DER shows a positive coefficient with a p value = 0.764, which also indicates that DER does not have a significant effect on PBV.

Discussion

The results of the analysis show that EPS has a negative coefficient of -0.026, with a p-value of 0.224, which is greater than 0.05. This indicates that EPS does not have a significant effect on PBV at PT Unilever Indonesia Tbk during the study period (2017-2024). This may indicate that although the company is able to generate fairly good earnings per share, other factors that are greater influence the market's perception of the company's value.

Theoretical Interpretation: In Modigliani and Miller's (1958) theory, higher earnings (EPS) should be directly related to higher company value. According to them, the market will appreciate companies with higher profits because profits indicate the company's ability to generate profits and pay dividends to shareholders. However, in this case, although EPS is related to profitability, its effect on the company's market value (PBV) is not proven to be significant.

This may also be caused by other more dominant factors, such as market conditions and investor confidence, which may have a greater influence on stock value than just the EPS figure shown in the financial statements. For example, economic stability, government policies, or strategic management decisions related to corporate expansion and product innovation can further determine market perceptions of the company's future.

Previous Research: Research by Fama and French (1992) indicates that corporate profitability (such as EPS) affects stock prices, but other factors such as macroeconomic factors and market sentiment often determine investment decisions in the stock market.

The regression results show that DER has a positive coefficient of 1.785, but with a p value = 0.764, which is greater than 0.05, indicating that DER does not have a significant effect on PBV in this study. Although the coefficient is positive, meaning that increasing DER (higher debt usage) tends to increase PBV, this effect is not strong enough to be considered significant.

Theoretical Interpretation: According to the Trade-Off Theory in capital structure, companies that use higher debt (leverage) can obtain profitable tax savings and increase returns for shareholders. In this context, although an increase in DER can increase potential profits, these results indicate that the market does not fully appreciate the increase in debt use in the short term. This could be because the financial risks associated with debt can reduce the company's attractiveness in the eyes of investors, especially if there are concerns about the company's ability to meet its debt obligations. However, these results do not completely contradict the Pecking Order Theory, which states that companies prefer to fund their investments with internal funds first before seeking external financing, such as debt. In this study, the market may focus more on the company's operational performance and resilience in facing unstable economic conditions, rather than just looking at the increase in debt. Previous Research: Research by Harris and Raviv (1991) indicates that although debt can provide tax savings and increase efficiency, in some cases, investors tend to pay more attention to the risks posed by debt, which can negatively impact the perception of the company's value in the market.

Based on the results of the analysis, it can be concluded that the purpose of the study to determine the effect of EPS and DER on PBV at PT Unilever Indonesia Tbk was not fully achieved in terms of EPS, because its effect on PBV was not significant. However, for DER, although the effect is positive, the result is still insignificant, indicating that the market does not pay much attention to the company's debt level in assessing the company's value in the short term.

This finding shows that profitability (EPS) and debt structure (DER) have different roles in influencing company value, especially in the food and beverage sector. Although company profitability is very important, this result also shows that prudent debt management and the balance between risk and potential profit are also important in maintaining the company's value in the stock market. For PT Unilever Indonesia Tbk's financial managers, it is important to remain focused on managing long-term profitability, but they also need to pay attention to the optimal capital structure, although the effect of DER on PBV is not significant in the short term. Going forward, the company should reassess its debt structure to ensure that debt is used wisely to support sustainable growth.

CONCLUSION

Overall, these findings provide an illustration that although profitability reflected by EPS and debt structure reflected by DER can theoretically influence firm value, in the case of PT Unilever Indonesia Tbk, other factors not covered in this model may be more dominant in influencing PBV.

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