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Analysis of Net Profit Margin, Return on Assets, and Earnings Per Share on Stock Prices in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange

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Abstract: This study examines the relationship between financial performance indicators—namely Net Profit Margin (NPM), Return on Assets (ROA), and Earnings per Share (EPS)—and the stock prices of Food and Beverage companies listed on the Indonesia Stock Exchange from 2018 to 2022. A quantitative research framework was implemented using descriptive and hypothesis-testing (verificative) methods. The research sample comprised 19 companies selected purposively from a population of 39 firms, generating 95 panel data observations. Prior to hypothesis testing, the data were subjected to classical assumption tests, followed by multiple linear regression analysis to evaluate the effects of the independent variables on stock prices. The results show that partially NPM and EPS have a positive and significant effect on stock prices, while ROA has a negative and insignificant effect. Simultaneously, the three independent variables significantly influence stock prices with a coefficient of determination (R^2) of 81.4%, indicating that 81.4% of stock price variation can be explained by NPM, ROA, and EPS, while the remaining 18.6% is influenced by other factors outside the model. The findings imply that profitability indicators, particularly NPM and EPS, are important considerations for investors in evaluating stock performance within the Food and Beverage industry. This study contributes to strengthening empirical evidence regarding fundamental analysis in investment decision-making.

Keywords: *Net Profit Margin, Return On Asset, Earning Per Share, Share Price*

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INTRODUCTION

The Indonesia Stock Exchange is a securities trading center that provides a platform for companies to seek funding by offering their shares to the public. Stocks are financial instruments that represent the ownership of a person or entity in a company. Investing in stocks, or investing in the stock market, involves buying to own as an investment asset. Investors who buy stocks have the potential to benefit from rising stock prices or dividends processed by the company. In the IDX, there are various investment options, including in the manufacturing sector, especially the food and beverage subsector. This

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subsector is part of manufacturing companies that have gone public on the Indonesia Stock Exchange, also known as public companies (You, 2021). Companies in food and beverage production that offer growth and development potential are in great demand by investors. Future projections show that the food and beverage industry remains the backbone of the growth of the manufacturing sector and the national economy.

Before making investment decisions, shareholders rely on fundamental information to evaluate the financial condition and future prospects of a company. Fundamental analysis focuses on measuring financial performance through the assessment of operational effectiveness, efficiency, and profitability. Among the available sources of information, financial statements play a central role in forecasting stock price movements (Sihombing & Haryanto, 2023). Net income is particularly important because it reflects the company's ability to generate profits, and sustained earnings growth is generally associated with positive market responses. Furthermore, the use of financial ratios enables investors to examine profitability, operational performance, and earnings sustainability, thereby supporting more informed investment decisions. Consequently, a company's market value is largely represented by the performance of its stock price.

The object of this research is companies in the Food and Beverage Subsector listed on the Indonesia Stock Exchange from 2018 to 2022 engaged in the manufacturing subsector. This subsector is considered important because it makes a major contribution to economic growth through increased people's incomes and increased spending on food and beverages, especially by middle-class consumers.

The existence of these companies on the Indonesia Stock Exchange reflects their efforts to gain access to capital through the stock market. The selection of this subsector as the focus of the research is based on rapid growth, focusing on variables such as Net Profit Margin, Return On Asset, Earning Per Share, and Stock Price.

Financial ratios are derived by relating figures presented in the financial statements, particularly those found in the balance sheet and income statement. These ratios are widely used to assess a company's financial performance and are considered important indicators in evaluating stock price movements. Among the financial ratios frequently associated with stock prices are Net Profit Margin (NPM), Return on Assets (ROA), and Earnings per Share (EPS) (Kasmir, 2021).

Net Profit Margin (NPM) reflects the proportion of net income generated from total sales revenue and is calculated by dividing net profit by total revenue and multiplying the result by 100 percent. This ratio indicates the company's ability to control operating costs while maximizing profitability. A higher NPM suggests that the firm is more effective in converting its revenue into net earnings, demonstrating stronger operational efficiency (Kasmir, 2018, as cited in Sandiawati & Hidayati, 2023).

Return on Assets (ROA) evaluates how effectively a company utilizes its total assets to generate profits. It is obtained by dividing net profit by total assets and expressing the result as a percentage. ROA serves as an indicator of asset utilization efficiency, where a higher ratio implies that management is able to employ company assets more productively to create earnings (Kasmir, 2018, as cited in Sandiawati & Hidayati, 2023).

Earnings per Share (EPS) represents the amount of net income attributable to each outstanding common share and is calculated by subtracting preferred dividends from net profit before dividing the result by the number of common shares outstanding. This ratio provides investors with an estimate of the earnings generated for each share they own and is commonly used as a measure of shareholder value and corporate profitability (Darmaji & Fakhruddin, 2016, as cited in Sjarif & Febriyanti, 2023)

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In research by Sandiawati and Hidayati (2023), it was stated that NPM, ROA, and EPS have a significant effect on stock prices. Meanwhile, research by Dwi Kartiko and Rachmi (2021) states that Net Profit Margin, ROA, and EPS have a significant effect on stock prices.

Research by Sjarif and Febriyanti (2023) stated that Earning per Share has a significant effect on stock prices. Research by Shiddiq et al. (2023) on agricultural subsector companies shows that EPS has a negative and significant effect on stock prices. Firmansyah et al. (2023), in their research on the restaurant, hotel, and tourism subsector, found that NPM had a significant positive effect. Meanwhile, research by Sihombing and Haryanto (2023) on the conventional banking sector shows that ROA and EPS have a significant effect on stock prices

The financial performance of companies in the Food and Beverage sub-sector exhibited sustained improvement between 2018 and 2022. On average, net profit increased by 11.73% annually, while the overall trend line indicated cumulative growth of 51.46%. The strongest performance was recorded in 2019, with net profit rising by 27.64%. This pattern suggests that the industry experienced stable and continuous expansion during the study period. The Ministry of Industry (2023) attributes this growth to increasing disposable income and greater consumer spending on food and beverage products, particularly among the expanding middle-income segment.

The Food and Beverage Subsector from 2018 to 2022, with the trend line value reaching -14.28%. There was an average decrease of -3.17%, and the highest decline was recorded in 2020. Indicates that the average stock price tends to decline during this time. This phenomenon creates a gap or inconsistency between theory and reality. In Kasmir's (2021) theory, an increase in net profit should be followed by an increase in stock prices. However, the facts seen in Figures 1.1 and 1.2 show that there is a slowdown in stock prices that is not in line with net profit growth during 2018 to 2022.

Despite the overall growth of the Food and Beverage industry, the Net Profit Margin (NPM) of many firms exhibited substantial fluctuations during the 2018–2022 period. In addition, the declining trend observed in NPM suggests that companies have faced increasing challenges in maintaining profitability and efficiently transforming sales revenue into net earnings. Such conditions may adversely affect corporate financial performance and diminish investor confidence. Consistent with Signaling Theory, changes in profitability provide important information to the capital market, where a declining NPM may be perceived as an unfavorable signal regarding a firm's financial prospects and long-term value.

An interesting problem occurs when the ROA *(Return on Assets)* and EPS *(Earnings per Share)* of companies in the Food and Beverage subsector show a significant year-on-year increase can be seen in figures 1.4 and 1.5, but this increase is not accompanied by an increase proportional to the company's share price (figure 1.2). This phenomenon indicates a mismatch between the financial performance of a company, represented by ROA and EPS, and the market's response to its share price.

Shares are securities that show ownership of a company that issues the shares. This means that the shareholder owns a company whose size depends on the size of the shares he owns. The larger the share of shares owned, the greater his control over the company. Supiyanto (2023). Issuing shares is one of the company's options when deciding to fund the company. On the other hand, stocks are an investment instrument that many investors choose because they are able to provide attractive levels of profits. idx.co.id (2023). Stock

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Profit Basically, there are two that investors get by buying or owning shares described on the Indonesia *Stock Exchange* (IDX) in idx.co.id namely Dividend and *Capital Gain***.**

According to Tandelilin (2017) in Rahmawati (2021). "Stock prices are determined by the interaction between demand and supply. Demand for stocks is influenced by the company's fundamental factors, such as net profit, revenue growth, and dividends. Stock offerings are influenced by factors such as corporate action and investor sentiment".

According to Soxem (2021). "Stock price is the price of a stock that occurs on the stock market at a certain time determined by market participants and determined by the demand and supply of the stock in question in the capital market".

According to Sudirman, Sismar, & Difinubun, (2023) "Stock price is the monetary value set by the market for each share of a company. These prices reflect the current market price determined by the strength of supply and demand in the capital market. Stock prices are important because they reflect the intrinsic value of a company".

Research by Sihombing et al (2023). "If the company's value is good, the company's share price will be higher. The high value of the company will guarantee the welfare of investors so that more investors are willing to invest in the company".

Stock prices reflect the market's evaluation of a company's value. Stock prices are determined by the demand and supply mechanisms in the capital market, and a good company value is believed to increase the stock price. A company's share price in the capital market is influenced by a variety of factors, including the company's financial performance, industry conditions, economic situation, and other factors that can affect investor perception. Stock price analysis is an important aspect in analyzing the health and performance of the capital market and can provide valuable information to investors and company management for better decision-making.

Net Profit Margin according to Hery (2018:144) in Rahmawati (2021). It is a ratio used to measure the percentage of net profit on net sales*. Net Profit Margin* (NPM) is the ratio used to calculate profit after tax to sales of Cashmere (2021). Meanwhile, according to Seto (2023), it is one of the important profitability ratios to analyze, because it can provide information about how well the company manages costs and is able to generate net profit. *Net Profit Margin* (NPM) is one of the financial ratios used to assess the level of profitability of a company. This ratio provides an overview of how efficient the company is in converting gross income into net profit Rahmawati, (2021). NPM is calculated by comparing net profit to the company's total revenue and is expressed in the form of a percentage.

Research Sandiawati et al,. (2023) in the Food and Beverage sub-sector shows that NPM has a positive effect on the share price of companies listed on the Indonesian Sharia Stock Index (ISSI). Similar findings are also seen in the study of Sjarif et al,. (2023) in manufacturing companies in the consumer goods sub-sector listed on the Indonesia Stock Exchange.

In addition, research on other sectors such as Amalya coal mining , (2018), cigarette companies (Andriyanto & Khoirunnisa, 2018), pharmaceuticals Setiya P et al,. (2020), insurance sub-sector Francisca et al,. (2023), agriculture by Shiddiq et al, (2023), the restaurant, hotel, and tourism sub-sectors of Firmansyah et al, (2023), and the conventional banking sector by Sihombing et al, (2023) also confirm that NPM contributes significantly to the valuation of stock prices.

Return On Asset (ROA) Kasmir (2021) is a ratio that shows the return on the number of assets to be used in a company**.** According to Setiya P & Santoso, (2020) ROA is a financial ratio that provides an indication of the extent to which a company is efficient in

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using its assets to generate profits. ROA measures a company's ability to generate net profits relative to the number of assets it owns.

Research Sandiawati et al,. (2023) in the Food and Beverage sub-sector shows that ROA has an effect on the share price of companies listed on the Indonesian Sharia Stock Index (ISSI). Similar findings are also seen in the research of Sihombing & Haryanto, (2023) on the conventional banking sector showing that ROA has a significant effect on stock prices. Meanwhile, research by Shiddiq et al (2023) on companies in the agricultural subsector shows that ROA has a negative and significant effect on stock prices.

Sartono (2023) stated that EPS is a ratio that shows the amount of net profit earned by each common stock. Sandiawati et al,. (2023) in his journal *Earning Per Share* (EPS) is a ratio to measure management's success in achieving profits for shareholders

Earning Per Share (EPS) is a financial metric that shows how much net profit a company generates per outstanding share**.** Kashmir (2021). EPS provides an overview of the Earnings per Share (EPS) represents the level of profitability attributable to each outstanding share and reflects the potential return that shareholders may obtain through stock ownership and trading activities in the capital market.

Empirical evidence supports the importance of EPS as a determinant of stock prices. Sandiawati et al. (2023) reported that EPS has a positive and statistically significant effect on the stock prices of Food and Beverage companies listed on the Indonesian Sharia Stock Index (ISSI). Likewise, the findings of Sjarif et al. (2023) indicate that EPS significantly and positively influences the stock prices of consumer goods manufacturing companies listed on the Indonesia Stock Exchange. These studies suggest that EPS serves as a key measure of corporate financial performance and contributes substantially to market valuation. Consequently, companies that consistently improve earnings per share are more likely to attract investor interest, strengthen market confidence, and generate favorable expectations regarding future business performance:

H1 : *Net Profit Margin* affects the Stock Price.

H2 : *Return On Asset* affects the Stock Price.

H3 : *Earning Per Share* affects the Stock Price.

Previous studies examining the relationship between profitability ratios and stock prices have mostly focused on general manufacturing sectors without specifically analyzing the Food and Beverage subsector during periods of economic disruption. Furthermore, many previous studies employed conventional cross-sectional approaches and paid limited attention to the contextual impact of the COVID-19 pandemic on investor behavior and stock valuation.

This study attempts to fill the research gap by specifically investigating Food and Beverage companies listed on the Indonesia Stock Exchange during the 2018–2022 period, which includes the pre-pandemic, pandemic, and post-pandemic recovery phases. This study also contributes theoretically by strengthening signaling theory in explaining how profitability indicators function as market signals influencing investor decisions under uncertain economic conditions.

Signaling theory explains that corporate financial information acts as a signal for investors in assessing firm value and future prospects. According to Spence (1973), companies with strong financial performance tend to provide positive signals to the market, thereby increasing investor confidence and stock demand.

In the Food and Beverage subsector, profitability indicators such as Net Profit Margin (NPM), Return on Assets (ROA), and Earnings per Share (EPS) are important signals because they reflect management efficiency, earnings sustainability, and financial

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resilience during periods of economic uncertainty, including the COVID-19 pandemic.

RESEARCH METHODS

The type of quantitative research is that the results of the research will be analyzed using statistical methods to answer descriptive, causal, or predictive questions and to test hypotheses (Silaen, 2018, as cited in Soxem, 2021). Quantitative research tests certain theories by examining the relationships between variables. This is done by measuring data in the form of numbers that can be analyzed using statistical procedures (Sugiyono, 2019). Based on the variables studied, the type of research used in this study is quantitative research.

According to Sugiyono (2019), the descriptive method is a research method used to describe a situation or phenomenon, while the verificative method is used to test hypotheses on a specific population or sample. In this study, a descriptive verificative method is used to analyze and answer research questions and test hypotheses.

Table 1. Sample Determination Criteria

No.	Sample Criteria	Quantity
1.	Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange in 2023	39
2.	Food and beverage subsector companies that are not listed on the Indonesia Stock Exchange for the period 2018-2022.	(15)
3.	Food and beverage sub-sector companies were suspended for the 2018-2022 period.	(5)
	Number of Companies Sampled	19

Source: Data processing results (2023)

Table 2. Variable Operations

No.	Variabel	Operational Definition	Measurement	Scale
1	*Net Profit Margin* (X1)	*Net Profit Margin* (NPM) is the ratio used to calculate after-tax profit to sales of Cashmere (2021)	$\left(\frac{Net\ Profit}{Total\ Revenue}\right) \times 100\%$	Ratio
2	*Return On Asset* (X2)	*Return on Asset*s is a financial ratio that indicates the extent to which a company is efficient in using its assets to generate profits (2021)	$\left(\frac{Net\ Profit}{Total\ Assets}\right) \times 100\%$	Ratio
3	*EPS* (X3)	*Earnings Per Share* (EPS) is a financial ratio that shows how much net profit a company generates per share outstanding. Cashmere (2021)	$= \frac{Net\ Profit}{Number\ of\ Shares\ Outstanding}$	Ratio
4	Pricing Shares (Y)	The share price is determined by Demand and supply of investors. Rahmawati (2021).	*Closing price*	Ratio

Source: Data processing results (2023).

Although this study used panel data observations consisting of 19 companies during 2018–2022, the analysis employed pooled multiple linear regression because the primary objective was to identify the general influence of profitability indicators on stock prices across the Food and Beverage subsector rather than estimating firm-specific effects.

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The use of pooled regression was also considered appropriate due to the balanced nature of the dataset and the relatively limited observation period. However, the authors acknowledge that panel data regression approaches such as Fixed Effect Model (FEM) and Random Effect Model (REM) may provide more robust estimations by controlling for unobserved heterogeneity across firms and time periods. Therefore, future studies are recommended to apply panel regression techniques for more comprehensive analysis.

RESULTS AND DISCUSSION

Results

The results of the study illustrate the outcomes of data analysis conducted on the Food and Beverage subsector on the Indonesia Stock Exchange during 2018–2022. The analysis focuses on Net Profit Margin (NPM), Return On Asset (ROA), and Earning Per Share (EPS) variables to understand their influence on stock prices in this subsector.

Classic Assumption Test Testing

Normality Test

The normality test aims to test whether the regression model has a normal distribution. The distribution of data can be said to be normal if the significance value is > 0.05 (Ghozali, 2018). The normality test was tested using the Kolmogorov Smirnov test. Table 3 shows the value of the Kolmogorov-Smirnov Test 0.000 < 0.005 so that the data is not normally distributed, because the data tested contains extreme data.

Table 3. Normality test results

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	95
Asymp. Sig. (2-tailed)	.000c

Source: SPSS output results (2023)

If the data is not normally distributed, then data transformation can be carried out to change the data distribution to be closer to the normal distribution Ghozali (2018). The data transformation is carried out by the normal logarithmic transformation method. A normal logarithmic formula is a formula that uses natural logarithms (LN) to convert the original data into logarithmic data. Logarithmic data has a normal distribution, so it can be used to analyze data with statistical tests that require assumptions about the normality of the data. Data transformation performed on all research variables.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	95
Asymp. Sig. (2-tailed)	.200c,d

Source: Data processing results (2023)

Table 4 shows that the Kolmogorov-Smirnov significance value after logarithmic transformation is 0.200, which is greater than 0.05. Therefore, the residual data are normally distributed, indicating that the regression model fulfills the normality assumption.

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Multicollinearity Test

The multicollinearity test aims to determine whether in a double linear regression model there is a correlation between independent variables. A good double regression model should have a small correlation between independent variables or none at all, in other words, good double regression linear models are those that do not experience multicollinearity. Detection of multicollinearity by looking at the tolerance value must be between 0.0 – 1 and the VIF must be lower than 10.

Table 5. Multicollinearity Test Results

Coefficientsa			
Model		*Collinearity Statistics*	
		Tolerance	*LIVE*
1	*(Constant)*		
	TRANSFORM_NPM_X1	0.35	2.853
	TRANSFORM_ROA_X2	0.364	2.751
	TRANSFORM_EPS_X3	0.762	1.313
a. Dependent Variable: TRANSFORM_HARGASAHAM_Y			

Source: Data processing results (2023)

Based on the table above, it shows that the *Tolerance* value is *Net Profit Margin* (X1) = 0.350, *Return On Asset* (X2) = 0.364, and *Earning Per Share* (X3) = 0.762. The *value of VIF* is *Net Profit Margin* (X1) = 2.853, *Return On Asset* (X2) = 2.751, and *Earning Per Share* (X3) = 1.313. Where *Tolerance* shows a number greater than 0.10 and *VIF* is less than 10. Thus, the model is free from the symptoms of multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is variance disparity from one observation to another in the regression model. In this study, the researcher used the Park Test, which is regressing the residual value (LN2) with each independent variable. Test the park where the value of sig. greater than 0.05, then it is said that there is no heteroscedasticity.

Table 6. Heteroscedasticity Test Results

Coefficientsa			
Model		***t***	***Say.***
1	*(Constant)*	2.05	0.05
	TRANSFORM_NPM_X1	1.14	0.26
	TRANSFORM_ROA_X2	-0.59	0.56
	TRANSFORM_EPS_X3	1.8	0.08
a. Dependent Variable: LN_RES			

Source: Data processing results (2023)

The table above shows the results of the heteroscedasticity test on *Net Profit Margin* (X1) obtained a value of Sig.=0.261 > 0.05, *Return On Asset* (X2) obtained a value of Sig.=0.558 > 0.05, and *Earning Per Share* (X3) obtained a value of Sig.=0.079 > 0.05. In conclusion, there is no heteroscedasticity in this regression model.

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Autocorrelation Test

The autocorrelation test is intended to test whether or not there is a correlation of a dependent variable with itself.

Table 7. Autocorrelation Test Results

Model Summary	
Model	***Durbin-Watson***
1	1.896

a. Predictors: (Constant), TRANSFORM_EPS_X3, TRANSFORM_ROA_X2, TRANSFORM_NPM_X1

b. Dependent Variable: TRANSFORM_HARGASAHAM_Y

Source: Data processing results (2023)

Based on the table above, in the variables X1, X2, and X3 to Y, the *Durbin Watson value* is 1,896. The value will be compared with the DW table with the number of observations (n)=95, the number of independent variables (k)=3 and the significance level of 5%, resulting in a value of dL=1.6015, a value of dU=1.7316 and a value of DW=1.896. The resulting DW value dL < d < 4 - du, thus the DW value is 1.6015< 1.896 < 2.2684 then it can be concluded that there is no autocorrelation in the dependent variable.

Multiple Linear Regression Analysis

To examine the influence of several predictor variables simultaneously, this study employs multiple linear regression, which represents a more comprehensive form of simple linear regression. The model not only measures the contribution of each independent variable to the dependent variable but also serves as a predictive tool by utilizing historical data to estimate future outcomes.

Table 8. Multiple Linear Regression Analysis Results

Coefficientsa						
	Model	***Unstandardized Coefficients***		***Standardized Coefficients***		
		B	***Std. Error***	***Beta***	***t***	***Say.***
1	*(Constant)*	7.924	3.625		2.186	.031
	TRANSFORM_NPM_X1	5.117	1.634	.239	3.132	.002
	TRANSFORM_ROA_X2	-3.421	1.781	-.144	-1.921	.058
	TRANSFORM_EPS_X3	3.083	.190	.841	16.257	.000

a. Dependent Variable: TRANSFORM_HARGASAHAM_Y

Source: Data processing results (2023)

Based on the results of data processing in table 8, it can be seen that the multiple linear regression equation used is as follows:

$$\mathbf{Y = 7.924 + 5.117X1 – 3.421X2 + 3.083X3 + e}$$

Description :

And = Stock Price

a = Konstanta

b1 = Regression coefficient *Net Profit Margin*

x1 = *Net Profit Margin*

b2 = Regression coefficient *Return On Asset*

x2 = *Return On Asset*

b3 = Regression coefficient *Earning Per Share*

x3 = *Earning Per Share*

and = Disruptive variable (standard error)

Based on the multiple linear regression equation, it can be concluded that:

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1. The constant of the regression is 7.924 which means that if X1, X2, and X3 are worth zero (0) then Y is worth 7.924 per unit.
2. The regression coefficient of the variable X1 is 5.117 which means it has a positive value, this shows a unidirectional relationship between X1 and Y meaning that if there is an increase in *the Net Profit Margin* (X1) by one unit, the stock price (Y) increases by 5,117 per unit.
3. The regression coefficient for the X2 variable is -3,421 which means it has a negative value, this shows an indirect relationship between X2 and Y meaning that if there is an increase in *Return On Asset* (X2) by one unit, the stock price (Y) decreases by 3,421 per unit.
4. The regression coefficient for the X3 variable is 3,083 which means it has a positive value, this shows a unidirectional relationship between X3 and Y meaning that if every time there is an increase in Earning Per Share (X3) by one unit, the stock price (Y) will increase by 3,083 per unit.

Hypothesis Testing

Partial Hypothesis Test (t-test)

This test basically aims to show the influence of a partially independent variable on a dependent variable. The results of the partial regression test in this study are as follows:

Table 9. Significant value of the t-test

Coefficientsa			
Model		***t***	***Say.***
	(Constant)	2.19	0.03
1	*TRANSFORM_NPM_X1*	3.13	0
	TRANSFORM_ROA_X2	-1.92	0.06
	TRANSFORM_EPS_X3	16.3	0

a. Dependent Variable: TRANSFORM_HARGASAHAM_Y

Source: SPSS output results (2024)

Referring to the critical **t**-value of **1.985**, the proposed hypothesis is accepted when the calculated **t**-statistic exceeds the critical threshold or when the probability value is below **0.05**, indicating statistical significance. The outcomes presented in table 9 can be interpreted as follows:

H1: *Net Profit Margin* has a significant effect on the Stock Price of Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange in 2018\u20122022. From the test results, the significance level for the NPM variable was 0.031 compared to the significance level ($\alpha = 0.05$) then $0.031 < 0.05$. It can be concluded that the NPM variable has an effect on the stock price, which means that H1 is accepted. Or in the regression analysis, a t-value of 3,132 > the value of the 1985 table, it can be concluded that NPM affects the stock price, which means H1 is accepted.

H2: *Return On Asset* has a significant effect on the Stock Price of Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange in 2018\u20122022. From the results of the regression analysis test, the significance level for the ROA variable was 0.058 compared to the significance level ($\alpha = 0.05$) then $0.058 > 0.05$. It can be concluded that the ROA variable has no effect on the stock price, which means that H2 is rejected. Or in the regression analysis, a calculated t-value of -1.921 is also obtained (negative is

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ignored), which is smaller than the t-value of the table of 1985, then it can be concluded that ROA has no effect on the stock price, which means that H2 is rejected.

H3: *Earning Per Share* has a significant effect on the Stock Price of Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange in 2018\u20122022. From the results of the regression analysis test, the significance level for the EPS variable was 0.0000 compared to the significance level (α = 0.05) then 0.0000 < 0.05. It can be concluded that the EPS variable has an effect on the stock price, which means that H3 is accepted. Or in the regression analysis, a calculated t value of 16,257 is also obtained, which is greater than the t-value of the table of 1985, then it can be concluded that EPS affects the stock price, which means that H3 is accepted.

Coefficient Determination Test

This determination coefficient test is used to determine how much attachment or tightness between variables, between the *variables Net Profit Margin* (NPM), *Return On Asset* (ROA), and *Earning Per Share* (EPS) variables to the stock price.

Table 10. Results of Determination Coefficient Analysis

Model Summary	
Model	***R Square***
1	0.814

Source: Data processing results (2023)

Based on the results of the analysis of the determination coefficient above, the value of the R square coefficient (R2) of 0.814 or 81.4%, can be calculated by:

$$Kd = R2\ x\ 100\%$$
$$Kd = (814)^2 \text{ x } 100\%$$
$$Kd = 81{,}4\%$$

The coefficient of determination (R^2) indicates that Net Profit Margin (NPM), Return on Assets (ROA), and Earnings per Share (EPS) jointly explain 81.4% of the variation in stock prices of Food and Beverage companies listed on the Indonesia Stock Exchange during the 2018–2022 period. The remaining 18.6% of the variation is attributable to other variables that were not included in the regression model.

Discussion

Effect of Net Profit Margin on Stock Prices

The hypothesis testing results demonstrate that Net Profit Margin (NPM) has a positive and statistically significant effect on stock prices. This conclusion is supported by a calculated *t*-statistic of 3.312, which exceeds the critical value of 1.985, and a *p*-value of 0.031, which is below the 5% significance level. Accordingly, the null hypothesis (H_0) is rejected, while the alternative hypothesis (H_1) is accepted.

These findings suggest that companies with higher NPM tend to experience higher stock prices. A larger NPM reflects a firm's ability to generate greater net income from its sales, indicating effective cost management and operational efficiency. Improved profitability provides a positive signal regarding the company's financial condition, thereby increasing investor confidence. As investor demand for the company's shares rises, stock prices are expected to increase. Consequently, NPM serves as an important indicator for evaluating corporate profitability and market performance.

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The present findings are consistent with those reported by Sandiawati et al. (2023), who found that Net Profit Margin significantly influences the stock prices of Food and Beverage companies included in the Indonesian Sharia Stock Index (ISSI). Therefore, the empirical evidence obtained in this study supports the hypothesis that improvements in NPM contribute positively to stock price appreciation.

Effect of Return on Assets on Stock Prices

The empirical results reveal that Return on Assets (ROA) does not have a statistically significant effect on stock prices. The calculated *t*-value of −1.921 is lower than the critical value of 1.985, while the corresponding *p*-value of 0.058 exceeds the 0.05 significance threshold. Consequently, the null hypothesis is accepted, indicating that ROA does not significantly explain stock price movements within the sample.

Although ROA is commonly regarded as a key indicator of a firm's efficiency in utilizing its assets to generate profits, the findings suggest that this measure was not a primary determinant of stock prices for Food and Beverage companies during the observation period. One possible explanation is that investors may place greater emphasis on profitability indicators that are directly associated with shareholder returns, such as NPM and EPS, rather than on asset utilization efficiency alone. In addition, stock prices are influenced by numerous external factors, including macroeconomic conditions, market sentiment, and firm-specific information, which may reduce the explanatory power of ROA.

These findings differ from those reported by Francisca et al. (2023), who concluded that ROA has a positive and significant influence on stock prices. Such discrepancies may arise from differences in research periods, industrial sectors, sample characteristics, or analytical methods.

Effect of Earnings per Share on Stock Prices

The analysis indicates that Earnings per Share (EPS) has a positive and statistically significant effect on stock prices. This is evidenced by a calculated *t*-statistic of 16.257, which is substantially higher than the critical value of 1.985, together with a *p*-value of 0.000, indicating a highly significant relationship. Accordingly, the null hypothesis is rejected, and the alternative hypothesis is accepted.

The positive relationship implies that an increase in EPS is associated with higher stock prices. EPS measures the amount of profit attributable to each outstanding share and is therefore considered an important indicator of shareholder value. Higher EPS signals stronger financial performance and greater profitability, encouraging investor confidence and increasing demand for the company's shares. As market demand rises, stock prices tend to appreciate.

These findings are in line with the results of Sjarif et al. (2023), who reported that EPS positively and significantly affects the stock prices of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange. Therefore, the results of the present study provide further empirical support for the proposition that higher earnings per share contribute to higher stock prices

The Food and Beverage industry experienced substantial pressure during the COVID-19 pandemic due to mobility restrictions, declining consumer purchasing power, disruptions in supply chains, and increasing raw material costs. These conditions affected profitability and investor confidence, particularly during 2020–2021.

Despite these challenges, several Food and Beverage companies were able to maintain earnings stability because food products remained essential consumer goods

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during the pandemic period. In addition, the acceleration of digital distribution channels and online food delivery services contributed to sustaining company revenues.

The significant influence of NPM and EPS on stock prices indicates that investors were more responsive to profitability stability and earnings sustainability during periods of uncertainty. Meanwhile, the insignificant effect of ROA suggests that investors were less concerned with asset utilization efficiency and more focused on short-term earnings performance during crisis conditions.

The findings of this study have significant implications for companies, particularly in their efforts to enhance stock value. The positive effect of Net Profit Margin (NPM) on stock prices indicates that companies should place greater emphasis on improving operational efficiency. Management is encouraged to implement strategies aimed at increasing profitability, such as controlling operating costs and improving profit margins, as these measures can contribute to higher stock value. Furthermore, the positive influence of Earnings Per Share (EPS) on stock prices underscores the importance of focusing on strategies that enhance net income per share. Increasing EPS should therefore become one of the company's key objectives, as it can strengthen stock valuation and improve the company's attractiveness to investors.

CONCLUSION AND RECOMMENDATIONS

Based on the results of the partial (*t*) test, the Net Profit Margin (NPM) variable produced a significance value of 0.031, which is below the 0.05 threshold, indicating that NPM has a positive and statistically significant effect on stock prices. The estimated regression coefficient of 5.117 suggests a positive linear relationship between NPM and stock prices. Specifically, a one-unit increase in Net Profit Margin is expected to increase the stock price by 5.117 units, assuming that the other independent variables remain constant.

The partial (*t*) test also shows that the Return on Assets (ROA) variable has a significance value of 0.058, which exceeds the 5% significance level. This result indicates that ROA does not have a statistically significant effect on stock prices. Moreover, the regression coefficient of −3.421 implies a negative relationship between ROA and stock prices. In practical terms, a one-unit increase in ROA is associated with a 3.421-unit decrease in stock price, although this relationship is not statistically significant and therefore cannot be generalized with confidence.

Regarding Earnings per Share (EPS), the hypothesis test yielded a significance value of 0.000, confirming that EPS has a positive and highly significant effect on stock prices. The positive regression coefficient of 3.083 indicates a direct relationship between EPS and stock prices. This means that, holding other variables constant, every one-unit increase in Earnings per Share is predicted to raise the stock price by approximately 3.083 units.

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