

## Do Cashflow Components and Net Profit Affect Earnings Per Share in the IDX-Listed LQ-45 Company?



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**ABSTRACT:** The purpose of this study is to test the relationship between Cash Flow Component Disclosures and Net Income to Earnings Per Share in LQ-45 companies. The population in this study was LQ-45 companies listed on the Indonesia stock exchange during the period 2017 to 2020 consisting of 28 companies. The sampling technique used in this study was purposive sampling. Multiple regression analysis is used to analyze the data. The results of this study Through multiple linear regression analysis, it is known that the components of cash flow and net profit affect earnings per share. Simultaneously independent variables show can jointly affect earnings per share.

**KEYWORD:** Cash Flow Component, Net Income and Earnings Per Share

### I. INTRODUCTION

The capital market has an important role in economic activities and is a source of funds for companies to maintain business continuity and development. The capital market is basically where long-term financial instruments (such as mutual funds, debt securities, stocks, and others) are traded. An index that is in demand by many investors, one of which is LQ45 which consists of the 45 most active selected stocks traded on the Indonesia Stock Exchange based on liquidity and high market capitalization. Investors are faced with the risk of uncertainty. The amount of risk of an investment has an impact on the amount of profit received by investors, and vice versa (Cahyani et al., 2021). The existence of risk makes investors make diversified investments. However, there are risks that cannot be eliminated by diversification. The risk of this category is called systematic risk. Therefore, systematic risk needs to be considered when making investment decisions.

(Aldo Fernando, 2021) The Jakarta Composite Index (JCI) and the LQ45 Index containing leading stocks (*blue chips*) have weakened again recently. Along with the weakening of the benchmark index, investors can pay close attention to *blue chip* stocks and those that are members of LQ45 which are relatively cheap or *undervalued*. JCI closed significantly lower with a correction of 1.31% at 6,586.17 today based on data obtained from the Indonesia Stock Exchange (IDX). About 20 minutes ahead of the disbandment aka closing, JCI had corrected severely to its lowest position today, which was minus 1.97% at the level of 6,523.92. The value of stock exchange transactions today is recorded at Rp 13 trillion. Despite the weakening of the JCI, foreigners entered the domestic stock market with a net buy in the regular market reaching Rp 36.7 billion. With this, in the first two days of this week, JCI has not managed to close in the green zone, after closing touching an all-time high of 6,726.37. Here's a list of the top 10 LQ45 stocks with the cheapest value. To see the price, CNBC Indonesia's research team uses the price-earnings (PER) method, which is commonly used as a fundamental analysis when evaluating an issuer's stock, whether it is reasonable, cheap, or too expensive. PER is a valuation method that compares earnings per share with its market price. The lower the P/E ratio, the cheaper the company is usually considered cheaper as well, because the P/E rule is cheap when the ratio is less than 10 times.

Table 1. List of values PER Company Index LQ-45

Kode Ticker	Emiten	Harga Terakhir (Rp)	PER (X)
ITMG	Indo Tambangraya Megah Tbk.	21.225	4.63
PTBA	Bukit Asam Tbk.	2.810	5.09
INKP	Indah Kiat Pulp & Paper Tbk.	7.650	5.61
MNCN	Media Nusantara Citra Tbk.	850	5.7
PGAS	Perusahaan Gas Negara Tbk.	1.295	5.75
TKIM	Pabrik Kertas Tjiwi Kimia Tbk.	6.900	6.41
INDF	Indofood Sukses Makmur Tbk	6.350	7.73

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BBTN	Bank Tabungan Negara (Persero) Tbk	1565	8.2
UNTR	United Tractors Tbk.	23.150	8.28
ERAA	Erajaya Tractors Tbk.	525	8.73
ADRO	Adro Energy Tbk.	2.210	8.8

Source : [www.idx.co.id](http://www.idx.co.id)

Based on table 1, all these companies have a PER value below the rule of thumb number, where the rule of thumb is the practical benchmark of the stock exchange for a certain period. LQ45 shares are the cheapest dominated by Shares of the coal sub-sector. The closing price of ITMG shares is the cheapest price among the elite LQ45 club of IDR 21,225 / share and P / E 4.63 times (x). ITMG is supported by positive developments. ITMG's net profit in September 2021 or the third quarter of 2021 was around 3.8 trillion rupiah. The net profit increased significantly by 603% compared to last year in the same period of about 555.75 billion rupiah. As another example, shares of state-owned coal emitter PTBA also have a low P/E of 5.09x. As with ITMG, PTBA's financial statements are also very good. PTBA's net profit was IDR 4.77 trillion for the first nine months of 2021, profit increased by 176% from the same period in 2020 of IDR 1.73 trillion. This profit increased the company's earnings per share from Rp 155/share to Rp 426. Profit grew in line with revenue from the previous IDR 12.85 trillion to IDR 19.38 trillion. The increase in the financial performance of the four coal companies was due to their nomination which coincided with the coal boom that began last year. At the same time, the stock price also rose due to wholesale trading by investors. Other information says that the price of Newcastle coal futures contracts has risen to the level of 220 USD / ton, since the beginning of the year to date the price increase has reached around 44.98%.

In addition to the four coal companies, the PER shares of two paper companies INKP and TKIM are relatively low. INKP's shares are priced at Rp 7,650/share with a P/E ratio of 5.61. Meanwhile, TKIM has a gross of IDR 6,900 / share with a P / E ratio of TKIM of 6.41x. In the first nine months of 2021, TKIM reported that the net profit distributed to the owners of the parent company was 2.39 trillion rupiah, and TKIM's net profit increased by 4.38% to IDR 2.39 trillion. Net profit matched TKIM's revenue growth in the first nine months of 2020 to around 10.60 trillion r. INKP then posted a net profit of around 5.56 trillion rupiah on September 30, 2021. This net profit increased by 35.96% or around Rp4.09 trillion. At the end of September 2021, INKP's revenue was 35.62 trillion rupiah, while in the same period last year it was 31.20 trillion.

The current return on investment is closely related to the profit of each period. Profit can also include a list of successes of an organization. The most important goal in organizations that review profits can be convinced is often trying to make a profit that corresponds to the state of the company in the long run. Net profit can be said to be one of the things that investors monitor on the capital exchange in choosing stocks to invest in, for organizations to maintain and increase net profit is a way for stocks to be in demand by investors. Financial performance is one of the causes that affect the movement of stock prices on the capital exchange. Net profit and cash flow are the most important components of financial performance for investors and creditors to stay informed of the development of their organizations on a regular basis, for investors and creditors who need to know information in decision making. Investors will observe the report of a company's reputation before naming its capital. The company's cash flow is considered as a benchmark for the company's performance because information about cash flow is used as a reference to determine the company's ability to obtain cash and cash equivalents to assess the company's importance to use its cash flow. This means that the cash flow statement contains important benefits needed by the investor.

Several previous researchers have examined the effect of the Cash Flow and Net Profit components on *earnings per share*. Previous studies produced inconsistent results so that a research gap was found. (Mayanti & Rahardjo, 2018) conducted a study on the effect of the financial ratio to the share price of companies included in the LQ45 Index for the period 2014-2016. The study showed that CR, TAT and EPS had a significant influence on changes in stock prices, while DER and ROE did not have a significant influence on changes in stock prices. Research conducted by (Prasidha, 2019) on the effect of financial ratios on stock prices of companies included in the LQ45 Index for the period 2011-2013 also states that only TAT has a significant influence on changes in stock prices while DER and NPM do not have a significant influence on changes in stock prices. (Sarifudin & Manaf, 2016) tested the effect operating cash flow, investment cash flow, funding cash flow and net income against the expected return on the stock research showed that operating cash flow and net profit had no effect on stock returns. Investment cash flow and funding cash flow have a significant positive effect on stock returns.

Based on some differences in the results of previous research, this research is a modification of the research (Hiltari & Rahayu, 2015) by making companies included in the LQ-45 company as a research sample that tests the relationship between the current and net profit components with Earnings per share and in this study added profitability variables as a change from previous studies.

## II. THEORITICAL REVIEW

### A. Operating Cash Flow

The value of cash flows derived from operating activities is a key indicator for determining whether an entity's operations can generate sufficient cash flow to distribute dividends, pay debts, maintain operative ability, make investments with own capital (Hiltari & Rahayu, 2015). Before investors decide to invest, investors should pay attention to the factors used. The more cash flow

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from operating activities, the more the share price in the company increases. Conversely, if the operating cash flow decreases, the company's stock price will also decrease.

According to (Savira et al., 2020) the company's operating cash flow variable has a significant effect on *earnings per share*, as well as high performance cash flow reflects shareholders' profits or profits for each share. This is also supported by research conducted by (Oktaviana, 2018) which states that operating cash flow has a significant effect on stock prices.

**H1:** Operating Cash Flow positively affects *Earnings Per Share*

### B. Investment Cash Flow

Cash flow from an investment activity is a cash flow derived from transactions that affect investments in non-current assets. Separate disclosure of cash flows derived from investment activities is necessary because these cash flows reflect the expenses that have occurred for resources intended to generate future income and cash flows (Hiltari & Rahayu, 2015). Companies must know how to increase the desire of investor to invest, one of which is by increasing investment cash flow, thus cash flow in the future will also increase, with increasing demand, the stock price will also increase. But on the contrary, if the company's investment cash flow decreases, then the stock price will also follow suit.

Research conducted by (Sahfasat & Nurmala, 2022) shows that the variable investment cash flow affects *earnings per share*. In theory, the relationship between these two variables is investment cash flow, and *Earnings Per Share* is allowed. A negative value in investment cash flow indicates the company's commitment to maintaining long-term investments and is expected to be an opportunity for future growth.

**H2:** Cash Flow Positively affects *Earnings Per Share*

### C. Financing Cash Flow

Funding cash flow is cash flow obtained due to borrowing activities or debt repayment, obtaining resources from company owners, and providing compensation for investment for company owners. financing/funding cashflow activities, including transactions in which cash is obtained or paid back to fund owners (investors) and creditors (Hiltari & Rahayu, 2015). So the increasing cash flow from funding activities in a company will be followed by an increase in the share price in the company because it shows that the company will be able to increase revenue in the future. Conversely, if cash flow from funding activities decreases, the company's stock price will also decrease.

Research by (Taman, 2009) states that funding cash flow has a significant effect on stock prices. This is also supported by research by (Mutia, 2012) the variable funding cash flow affects stock prices. Financing cash flow is a cash flow that is very important for predicting the future income of an investment services company.

**H3:** Investment Cash Flow positively affects *Earnings Per Share*

### D. Net Profit

Profit is the main measurement of financial performance in a period in a company and is the central concern of users of financial statements. Profit information is very important data for entrepreneurs to take company discretion or more broadly to take the necessary steps in the company (Mutia, 2012). In making the choice to invest, the main thing that will be observed is the level of net profit owned by the company. Agar stock remains known and remains in demand by investors, so the company must maintain the net profit value earned annually (Ariesanti, 2008). from the presentation, it can be seen that the greater the net profit generated by the company, the stock price tends to increase. Vice versa, if the company's reported profit decreases, then the demand for the company's shares will decrease and have an impact on the stock price which also decreases.

Profit is a measurement of the company's financial results is very important for investors' financial statements. Profit information is important for employers to take into account the company or take necessary actions within the company, Mutia (2017). Corporate profit is one of the reasons why investors look to investments to decide where to invest. Cost estimates can be increased if revenue is displayed and displayed. Research conducted by (Keni, 2008), (Taman, 2009) and (Mutia, 2012) states that the variable net profit has a significant influence on *Earnings Per Share*.

**H4:** Net Profit positively affects *earnings per share*

## III. METHODS

This type of research is causality research with a quantitative approach aimed at studying the influence of independent variables on dependent variables. The samples in this study is a company included in LQ-45 in 2017-2020 which is listed on the IDX. In this study, secondary data was used in the form of company financial statements obtained from the [www.idx.co.id](http://www.idx.co.id) page. In descriptive statistical research, it is used to describe the characteristics of sample data from operating cash flow, funding cash flow, investment cash flow, net profit, and Earnings Per Share.

The dependent variables in this study are Earning Per Share (EPS), while the independent variables in this study are operating cash flow, investment cash flow, financing cash flow and net profit companies. The EPS variable in this study is measured by the EPS formula, namely net profit divided by the number of shares outstanding. The operating cash flow variable is measured by the formula Cash flow from the company's operating activities in the period t subtracted Cash flow from the company's

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operating activities in the t-1 period and divided with Cash flow from the company's operating activities in the t-1 period. Variable Investment cash flow is measured by the formula Cash flow from the company's investment activity in the period t subtracted Cash flow from the company's investment activity in the period t-1 and divided by Cash flows from the company's investment activities in the t-1 period. Variable Financing cash flow is measured by the formula Cash flow from the company's financing activities in the period t subtracted Cash flow from the company's financing activities in the t-1 period and divided by the cash flow from the company's financing activities in the t-1 period. Meanwhile, the variable net profit is measured by the formula of total income minus the total tax expense. In this study, multiple regression analysis was used, the regression model was used to determine the influence of independent variables, namely the Cash Flow Component and Net Profit on *Earnings Per Share* as dependent variables, while the equation used was:

### IV. RESULTS AND DISCUSSION

#### A. Descriptive Statistical Analysis

Descriptive Analysis statistics provides general information about the overall research data. The data is the number of cash flow components of the stock price during the observation period. Descriptive Analysis in this study includes the amount of data, minimum value, maximum value, mean value, and standard deviation (*Standard Deviation*).

**Table 2. Descriptive Statistical Test Results**

No.	Variabel	N	Minimum	Maximum	Mean	Std Deviation
1	Arus Operasi Kas	108	126110000000000.0	9659000000000.0	8303232287512.595	16764327932186.0470
2	Arus Investasi Kas	108	35090000000000.0	1348400000000.0	-4028781288587.971	7839192660653.45500
3	Arus Investasi Kas	108	21052000000000.0	22459333440494.9	-1164875058334.34	6735542238008.75200
4	Laba Bersih	108	1440852896000.00	46583781000000.0	457649321244.786	7843613361162.91400
5	<b>Earning Per Share</b>	<b>108</b>	<b>5.68</b>	<b>44591.00</b>	<b>872.7712</b>	<b>4317.50873</b>

Source : data sekunder yang dioleh (2023)

Before testing the linear regression analysis of the research hypothesis, we need to test the classical assumptions of the data we are working on. The goal of fulfilling this classical assumption is that a free variable is an unbiased estimator of a bound variable. The classical hypothesis tests used include normality tests, autocorrelation tests, multicholinerity tests and heteroskedasticity tests,

#### B. Test Classical Assumptions

Before testing the linear regression analysis of the research hypothesis, we need to test the classical assumptions of the data we are working on. The goal of fulfilling this classical assumption is that a free variable is an unbiased estimator of a bound variable. The classical hypothesis tests used include normality tests, autocorrelation tests multicholinerity tests and heteroskedasticity tests,

**Table 3. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		108
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.06740171
Most Extreme Differences	Absolute	.053
	Positive	.053
	Negative	-.042
Test Statistic		.053
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

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The data normality test aims to test whether in a regression model, disruptive or residual variables have a normal distribution. This study used the Kolmogorov-Smirnov One-Sample statistical test. A good regression model is to have a normal or close to normal data distribution. Based on the results of the Kolmogorov-Smirnov test, it shows that the data used are normally distributed with the provisions of Asymp. Sig > 0.05. The result is a sig value of 0.200 > 0.05 thus means that in this study the data used are normally distributed.

**Table 4. Autocorellation Test Result**

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.614 <sup>a</sup>	.376	.352	1.0879305	1.855

a. Predictors: (Constant), Laba Bersih, Arus Kas Investasi, Arus Kas Operasional, Arus Kas Pendanaan  
b. Dependent Variable: Earning Per Share

The Autocorrelation Test aims to test whether there is a high correlation, by testing hypotheses. Based on the table above, it can be seen that Durbin Watson's results show values = 1.855 while DU = 1.7637 and dL = 2.2363 which are both obtained from Durbin Watson's value table. Thus  $1.7637 < 1.855 < 2.2363$  thus there is no autocorrelation disorder.

**Table 5. Multicholinerity Test Results**

Model	Coefficients <sup>a</sup>					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Tolerance	VIF
	B	Std. Error					
(Constant)	4.432	.463		9.565	.000		
Arus Kas Operasional	.625	.116	.423	5.411	.000	.990	1.010
Arus Kas Investasi	.611	.137	.351	4.446	.000	.969	1.031
Arus Kas Pendanaan	.165	.075	.174	2.194	.031	.962	1.040
Laba Bersih	.759	.248	.239	3.055	.003	.991	1.009

a. Dependent Variable: Earning Per Share

The Multicholinerity test aims to test whether in the regression model there is a correlation between independent variables. Based on table 4 it can be seen that no independent variable has a Tolerance Value of > 0.1 and a VIF of < 10, thus there is no multicholinerity disorder. This is indicated by the value for Operating Cash Flow with a Tolerance of 0.990 and a VIF of 1,010. Investment cash flow with Tolerance of 0.969 and VIF of 1,031. Funding cash flow with Tolerance of 0.962 and VIF of 1,040 and Net Profit with Tolerance of 0.991 and VIF of 1,009.

**Table 6. Heteroskedasticity Test Results**

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	1.135	.244		4.642	.000
Arus Kas Operasional	.097	.061	.152	1.590	.115
Arus Kas Investasi	.089	.073	.119	1.229	.222
Arus Kas Pendanaan	.045	.040	.110	1.137	.258
Laba Bersih	-.181	.131	-.132	-1.383	.170

a. Dependent Variable: ABS\_RES

The heteroskedasticity test aims to test whether there is a variance inequality from the residual of one observation to another. Based on table 4 obtained a sig value of > 0.05 in each variable thus there is no heteroskedasticity disorder.



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**Table 7. Coefficient of Determinatin Test Result (R2)**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.614 <sup>a</sup>	.376	.352	1.0879305

a. Predictors: (Constant), Laba Bersih, Arus Kas Investasi, Arus Kas Operasional, Arus Kas Pendanaan

The Coefficient of Determination Test ( $R^2$ ) aims to find out how much influence independent variable variation has on the variation of dependent variables, if the value of  $R^2$  is getting smaller (close to zero) indicating that the variation of the dependent variable can only be explained in a limited way by the variation of the independent variable and vice versa. Based on the test results in table 5, it can be seen that the Coefficient of determination of 0.352 thus free variables are able to influence bound variables by 35.2% and the remaining 64.8% is influenced by other variables.

**Table 8. Simultaneous Test (F Test)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	73.605	4	18.401	15.547	.000 <sup>a</sup>
	Residual	121.910	103	1.184		
	Total	195.515	107			

a. Dependent Variable: Earning Per Share  
b. Predictors: (Constant), Laba Bersih, Arus Kas Investasi, Arus Kas Operasional, Arus Kas Pendanaan

The statistical test F aims to show the influence of independent variables with dependent variables simultaneously. If the significance value  $< 0.05$  then it can be concluded that the independent variable has a simultaneous effect on the dependent variable. Based on the test results in table 5, it can be seen that the value of the F test sig is  $0.000 < 0.05$ , thus there is a simultaneous influence of free variables on bound variables

**Table 9. Partial Test Result**

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error			
	(Constant)	4.432	.463	9.565	.000
	Arus Kas Operasional	.625	.116	.423	.000
1	Arus Kas Investasi	.611	.137	.351	.000
	Arus Kas Pendanaan	.165	.075	.174	.031
	Laba Bersih	.759	.248	.239	.003

a. Dependent Variable: Earning Per Share

The t-test (hypothesis test) basically shows how far one independent variable affects individually (partially) in explaining the variation of dependent variables. The step used as the basis for decision making, the first by looking at the signification value (sig.) and the second comparing between the calculated t value with the table t. The level of significance used is 5% or  $(\alpha)=0.05$

**Table 10 Hypothesis Test Results**

Type	Hypothesis	Independent Variables	Sign expectation	B	Beta	T	Sig.a	Decision on Ho
$Y = \alpha + \beta_1AO + \beta_2AI + \beta_2AP + \beta_3LB + \epsilon$	1	Operating Cash Flow	+	0.625	0.423	9.565	0.000**	Rejected
	2	Investment Cash Flow	+	0.611	0.351	5.411	0.000**	Rejected
	3	Financing Cash Flow	+	0.165	0.174	2.194	0.031**	Rejected
	4	Net Income	+	0.759	0.239	3.055	0.003**	Rejected

Dependent variable: Earning Per Share

Source: secondary data obtained (2023)

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Based on the results of the hypothesis test in table 6, it can be seen that:

**Equation 1:** The calculated on the operating cash flow variable is  $9.565 > 1.982$  with a significant value of  $0.000 < 0.05$ . Referring to those results, it means that  $H_0$  is rejected and  $H_a$  is accepted. This means that in the first hypothesis there is a positive significant influence between operating cash flow and Earnings Per Share.

The results of the hypothesis test show that the operating cash flow variable has a positive effect on Earnings Per Share, this means that operating cash flow is an accurate measure for users of financial statements to see the upcoming changes in the stock price of a company. High operating cash flow tends to experience an increase in stock price changes, while companies with low operating cash flow tend to experience a decrease in price. Reporting cash flows from operating activities contains information that determines whether from the company's operations it can generate enough cash flow to pay off loans, maintain the company's operating capabilities, pay dividends, and make new investments without relying on outside sources of funding. Investors see the reporting of cash flows from these operating activities as information that can be used for their investment decision making this research is in line with research conducted by (Apriyanti, 2017) and (Marlina & Haryanto, 2018) which states that there is an influence positive between operating cash flow versus Earnings Per Share.

**Equation 2:** The calculated t-value obtained in the investment cash flow variable is  $5.411 > 1.982$  and the significant value obtained is  $0.000 < 0.05$ . Referring to the results of the test, it can be said that  $H_0$  was rejected and  $H_a$  was accepted. This means that in the second hypothesis there is a positive significant influence between investment cash flow and Earnings Per Share.

The results of the hypothesis test show that the variable investment cash flow has a positive effect on Earning Per Share, this means that the higher the level of Investment Cash Flow, the more the Earning Per Share value will also increase. This means that an increase in investment is related to an increase in future cash flow and has a positive effect on stock returns There is an increase in flows from investment activities that will attract investors to buy shares which will increase stock prices which will ultimately increase stock returns. This research is in line with research conducted by (Rahmanda Putra & Widyaningsih, 2016) which states that investment cash flow has a positive effect on Earnings Per Share.

**Equation 3:** The calculated t-value obtained on the financing cash flow variable is  $2.194 > 1.982$ , and the significant value obtained is  $0.031 < 0.05$ , then it can be said that  $H_a$  is accepted and  $H_0$  is rejected. This means that in the third hypothesis there is a positive significant influence between financing cash flow and Earnings Per Share.

The results of the hypothesis test show that the variable financing cash flow has a positive effect on Earnings Per Share This shows that the increase in financing cash flow has an impact on the increase in stock prices. Financing activity is an activity that results in a change in the amount and composition of long-term liabilities and capital of the enterprise. Includes cash receipts from the issuance of new shares and cash expenditures for debt repayment. The results of this study are in line with research (Mutia, 2012) and (Permadi et al., 2017) which states that financing cash flow has a positive and significant effect on stock prices. The implication of this study is that financing activities result in changes in the amount and composition of the company's equity and loans. Financing cash flow is useful for predicting claims against future cash flows by the company's capital suppliers. Fund flow statement information has a stronger relationship with stock prices when compared to the balance sheet and profit and loss ratios.

**Equation 4:** The calculated t value on the net profit variable obtained is  $3.055 > 1.982$ , and the significant value obtained is  $0.003 < 0.05$ , then it can be said that  $H_a$  is accepted and  $H_0$  is rejected. This means that the fourth hypothesis is accepted, then there is a positive significant influence between net profit and Earning Per Share.

The results of the hypothesis test show that the variable net profit has a positive effect on Earnings Per Share, the results of the analysis show that the higher the value of the company's net profit, the higher the value of Earning Per Share, meaning that the income statement is useful as a tool to evaluate the company's past performance, and provides a basis for predicting future performance. In other words, the high low percentage of the company's profit will contribute to the high low of Earnings Per Share. With the existence of net profit which has a significant influence on Earning Per Share, the company can try to increase the company's net profit through management and increasing profit from the revenue results obtained by the company. The Company must maintain the Company's net profit in a stable or good state, which in good condition means that the company is able to pay debts, obtain profits and the efficiency and effectiveness of the company's management. Companies with a good profit rate will affect the profit of each share (Earning Per Share) distributed by the company, because if the company is profitable, the Earning Per Share will also increase. This is in line with research conducted by (Wijayanto et al., 2022) and (Mutia, 2012).

## CONCLUSION

Based on the test results, this study obtained the following conclusions:

- 1) Operating cash flow has a positive affects earnings per-share in LQ - 45 companies listed on the IDX for the 2017-2021 period.
- 2) Investment cash flow has a positive effect on Earnings Per-Share in LQ - 45 companies listed on the IDX for the 2017-2021 period.
- 3) Funding cash flow has a positive effect on Earnings Per-Share in LQ - 45 companies listed on the IDX for the 2017-2021 period.

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- 4) Net profit has a positive effect on Earnings Per-Share in LQ - 45 companies listed on the IDX for the 2017-2021 period.

### SUGGESTION

- 1) It is better for the company to continue to improve its performance in the company to attract potential investors who tend to be interested in the company's good performance. And continue to increase activities that have proven positive in financing the company's operations, so that the company can generate cash flow from operating activities that are sufficient to pay off loans, pay dividends, maintain operations and make new investments without outside sources of funds.
- 2) Furthermore, researchers are expected to be able to add other variables and increase the number of samples in this study, so that the results obtained are expected to be more valid.

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