SHARE PRICE ANALYST WITH PBV, DER, AND EPS AT INITIAL PUBLIC OFFERING

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ABSTRACT

Underpricing and overpricing are commonly happened in stocks market. Underpricing happened when IPO pricing was lower than closing price in the first day stock been trade in the market. There were some measurements to be used, like Price to Book Value (PBV), Price Earning Ratio (PER), Earning Per Share (EPS), Debt to Equity Ratio (DER), Net Profit Margin (NPM), Size of Company (Size) and Company Age (Age). The type of research was quantitative with a comparative analysis which focused on the study of literature to support research by describing theories related to the title of the study, data collection of financial statements, and annual reports of companies going public as well as Fact Book published. This article used data from 78 companies that did IPO in 2010 to 2013. This research finds that some statistic used to show majority variables that influence to underpricing is PBV, PER, DER, and Size.

Keyword: IPO (Initial Public Offering), Underpricing, PBV, PER, DER

INTRODUCTION

The problem faced by the company when performing IPO in the capital market is the determination of the initial offering price. The companies want to implement a high selling price in order to gain acceptance of proceeds (proceeds) that is also high, on the other hand, the high share price influences investors to buy the shares. The high prices cause investors who want to buy the shares become low and great possibilities to offer shares become less attractive because investors want to get the initial return from the difference between the stock prices on the secondary market with the purchase of shares on the primary market. So these conditions are not favorable for issuers, as issuers have to sacrifice returns that should be obtained. Their initial returns indicate the phenomenon of underpricing in the primary market. Researches on the level of underpricing and stock prices are linked to information in the prospectus. It is exciting for researchers to evaluate the behavior of financial investors in making investment decisions in the stock market. Previous research on initial returns or underpricing has done well in overseas stock exchanges as well as Indonesia. Although the study of underpricing has been conducted, research in this area is still considered interesting to study because of the inconsistency of research results. To analyze pricing mostly uses PBV (Price to Book Value), PER (Price Earnings Ratio), and DER (Debt to Equity Ratio) as primary tools and others uses as secondary tools.

Based on the background that has been outlined, this research uses internal influence in measuring the level of underpricing. So that the formulation of the research problems are (1) What is the PBV affect underpricing when the Initial Public Offering? (2) What is the PER affect underpricing when the Initial Public Offering? (3) EPS affect underpricing when the Initial Public Offering? (4) Is the DER affect underpricing when the Initial Public Offering? (5) Is the NPM affect underpricing

when the Initial Public Offering? (6) Does firm size affect underpricing when the Initial Public Offering? (7) Does the company age affect underpricing when the Initial Public Offering?

To avoid broader discussion, the writer gives a limit on PBV, PER, EPS, DER, NPM, Size, and the Age to the company that went public in 2010 and 2013 on the Indonesia Stock Exchange (BEI). Based on the formulation of the problems, the purpose of this research is to determine the influence of PBV, PER, EPS, DER, NPM, firm size (Size), and Age company (Age), the pricing at the time of the Initial Public Offering.

From this research, it is expected to get benefits, such as (1) For prospective listed companies, this research can be used as the material for consideration prior to the IPO, namely by looking at the factors that affect underpricing. (2) For investors and prospective investors, this research can be used as a reference before making the investment decisions; investors should pay attention to the factors that reflect the value and condition of the company at the time of the IPO. (3) For academics or readers, this research can be useful to add insight and knowledge theoretically also practical experience in developing further research.

METHODS

This research is conducted to determine the effect of PBV, PER, EPS, DER, NPM, Size, and Age on underpricing when the Initial Pricing Offering. The characteristics of this study consist of (1) The type of research is quantitative with a comparative analysis which focuses on the study of literature to support research by describing theories related to the title of the study, data collection of financial statements, and annual reports of companies going public as well as Fact Book published. (2) The dimension of time study is based on a time sequence or time series from the period 2010 to 2013. (3) The data used in this research is secondary data that the company's financial statements are obtained from the official website of the Indonesian stock exchange in www.idx.co.id, Indonesia Capital Market Directory (ICMD), as well as the official website Fact Book that related to the companies in 2010-2013. (4) Data analysis is performed by regression analysis model, the partial test (t-test), simultaneous testing (test F), and the coefficient of determination (R2).

The writer realizes that this research can be said to be far from perfect compared to other similar studies. The limitations of this study include (1) A sample of this study only has four periods from years 2010 to 2012. So it is likely less representative samples processed. (2) The variables that are used only variable internal factors and it is not using external factors. (3) The number of samples and variables used for research still lacks a lot.

Stocks are a piece of paper that is stating the ownership of part of the company. Types of shares are bought and sold are Common Stock and Preferred Stock. According to Gitman (2009), Common stock is a form of pure, simple, and the most basic of ownership of the company. Meanwhile, according to Mishkin (2001), common stocks are securities that are claims on the income and assets of the company. While according to Gitman (2009), preferred stock is a special form of ownership that has a fixed periodic dividend that must be paid before the payment of common stock dividends.

Advantages and disadvantages of going public are the company's decision to offer its effect to the public should consider several factors advantages and disadvantages. The advantages of going public are ease of raising capital in the future, increase liquidity for shareholders, the market value of companies known (Jogiyanto, 2000).

Underpricing is a state where the first day's closing stock price has a value higher than the initial price of the shares offered by the company. While overpricing is a state where the first day's closing stock price has a value lower than the initial price of the shares offered by the company. The determination of the initial return is underpricing or overpricing obtained by the following calculation:

$$Underpricing = \frac{Closing\ Price - Offering\ Price}{Offering\ Price} \qquad (1)$$

Closing Price   = First day Stock price in the secondary market
Offering Price = Stock price offered before IPO

PBV focuses on the company's equity, and it is the company's internal factors. PBV is defined as the market price of a stock that divided by its book value (BV). PBV also shows how far the company is able to create value for the company. Companies that go well generally have PBV above 1, which shows the market value is higher than its book value. The higher the return, the higher PBV stocks that will increase the company's revenue and boost the company's ability to distribute dividends (Gitman, 2009). PBV can also be used to determine the price of the stock by comparing the PBV of companies with an average PBV in the same industry sector and multiplied by the price at the time of the IPO.

$$PBV = \frac{Current\ Price\ of\ common\ stock}{Book\ Value} \qquad (2)$$

PER is used by various parties or investors to buy shares. Investors will buy a sham company with a high price-earnings ratio, due to the high price-earnings ratio illustrates the net income per share is quite high (Gitman, 2009).

$$PER = \frac{Market\ price\ per\ share\ of\ common\ stock}{EPS} \qquad (3)$$

EPS is the amount of profit that earned and available to all shares of common stock outstanding. EPS value has become one of the main factors that considered by the investor when to invest in a company. The higher the EPS value, the better the company's value for investors (Gitman, 2009).

$$EPS = \frac{Earning\ avaliable\ for\ common\ stockholders}{Outstanding\ Shares} \qquad (4)$$

DER is the ratio used to determine the amount of funding that provided by the borrower (creditor) with the owner of the company or to find any rupiah own capital is used to guarantee the debt (Gitman, 2009).

$$Debt\ to\ Equity\ Ratio = \frac{Liabilities}{Equity} \qquad (5)$$

NPM is the amount of net income from the company on any income or sales that occurred. NPM is obtained by comparing the profit after interest and taxes with sales (Gitman, 2009).

$$NPM = \frac{Earnings\ avaliable for\ common\ stockholders}{Net\ Sales} \qquad (6)$$

The size of the company is represented by the total assets that owned by the company. The larger the scale of the company, the more people who know that the information obtained by the investor. It will be greater and the uncertainty in the future is lower (Gitman, 2009).

$$Size = LN(\textstyle\sum Assets)\qquad\qquad(7)$$

The relationship between dependent and independent variables influence of PBV on the level of underpricing when the IPO. PBV is a benchmark to see the reasonableness of the price of shares on the primary market (IPOs) or the chances of initial return. If the position of the stock price is below its book value, there is a tendency of the stock price will go to the balance at least equal to its book value. This means that the share price is greater potential to rise. Therefore, the greater the value PBV will reduce underpricing, consequently the lower the returns to be received by investors.

PER has the influence on the level of underpricing in the Initial Public Offering (Tian, 2012). Price Earnings Ratio information indicates the amount of rupiah that must be paid investors to obtain the rupiah earnings. For investors, the ratio of share price to net income is useful in assessing the investment potential of a company. The investors can use the Price Earnings Ratio in formulating whether to invest or not to their company. Investors can also use the Price Earnings Ratio as an indicator of how the company set the price of the stock. Theoretically, Price Earnings Ratio is an indicator that can be used to determine whether the stock price is overvalued or too low (undervalued), so that the (potential) investors can determine when to buy or sell the stock price. By assumption, the lower the Price Earnings Ratio means that the cost price of the stock concerned or the lower under pricing, and vice versa.

There is the effect of Earnings per Share on the level underpricing when the Initial Public Offering (Handayani, 2008). Variable Earnings per Share is a proxy for earnings per share of companies that are expected to provide an overview for investors on the part of the benefits that can be obtained in a period. Earnings per Share companies are increasingly high that it will be more investors willing to buy the shares causing the stock price in the secondary market to be high. The current high share price in the secondary market can increase the level of underpricing.

While there is also the effect of DER on the level underpricing when the Initial Public Offering (Handayani, 2008). Debt to Equity Ratio indicates the risk of a company that has an impact on price uncertainty. Debt to Equity Ratio indicates the company's ability to pay the debt to equity owned. An investor who invests in securities can not only see the trend of stock prices alone. The performance of the company will remain as the base and at the same starting point ratings. If the level of Debt to Equity Ratio demonstrates high financial risk or risk the company's failure to repay the loan will be higher, and vice versa. Therefore, the higher the company's Debt to Equity Ratio, then the initial return greater.

Net Profit Margin gives effect on the level underpricing when the Initial Public Offering (Lestari, 2013). The highNet Profit Margin can minimize the level of underpricing for underwriters that are sure to sell shares at high prices and assure all of the shares offered are sold. The higher Net profit margin a company will reduce uncertainty for investors that would reduce the level of underpricing. This means that the investor gets a lower initial return, in other words, investors will buy lower shares in companies that do an IPO underpricing because of low stock.

There is the influence on the level company size underpricing when Initial Public Offering (Kim et al., 2004). Companies with large-scale are known to the public than a company with a smaller scale. Therefore, the information about a company with a large scale is more outstanding than a company with a small scale. If the information in the hands of many investors, the level of investor uncertainty about the future of the company can be known. Thus large-scale companies have lower levels of underpricing of small-scale companies.

And there is the effect of age company on the level underpricing when the Initial Public Offering (Kim et al., 2004). The age of firm also shows that the right information can be obtained by prospective investors. Companies that have long stood in normal conditions would not spend more

than the publication of a new company. In the context of long-term assessment, the company's long-standing reputation in the past has already been seen. Therefore, if there is not something that is the extraordinary condition of the company, it can be used to predict the state of the future. If the company is long enough to operate safely, then, in general, it can be said that the investor can choose the company with a low level of risk, due to the uncertainty of the small companies in the past.

RESULTS AND DISCUSSIONS

Calculation of independent variables analysis of Price to Book Value (PBV) before calculating the PBV, it must be known beforehand BV value of the company. For example, note the total equity of PT Sido Appears Rp 2.625.456.000.000 with the total outstanding share 15.000.000.000 sheets, the stock price of Rp580 / share. Here are the sample results of PBV calculation:

BV = Total Equity / Outstanding Share
 = Rp2.625.456.000.000 / 15.000.000.000 sheets
 = USD 175
PBV = Price / BV
 = USD 580 / USD 175 = 3,31

If the value of EPS is unknown, then it must be calculated first that followed by calculating PER. For example, it is known the price of the shares of PT Sido Appears USD 580 / share and EPS is 27,06. Then the calculation is as follows:

PER = Market Price / EPS
 = USD 580 / 27,06
 = 21,43

The example of analysis of EPS isPT Sido Appears net income of Rp405.943.000.000 and 15.000.000.000 of total shares outstanding pieces, then the calculation is as follows:

EPS = Net Income / Outstanding Share
 = Rp405.943.000.000 / 15.000.000.000 sheets
 = 27,06

The example Analysis of DER is PT Sido Appears total liabilities are amounted to Rp326.051.000.000 and total equity of Rp2.625.456.000.000. Then the calculation is as follows:

DER = total liabilities / total equity
 = Rp326.051.000.000 / Rp2.625.456.000.000
 = 0,12

The example of Analysis NPM is PT Sido Appears net income of Rp405.943.000.000 and net sales amounted to Rp2.372.364.000.000. Then the calculation is as follows:

NPM = net income / netsales
 = Rp405.943.000.000 / Rp2.372.364.000.000
 = 0,17

The example of Analysis Company Size (Size) is the total assets of PT Sido Appear is Rp2.951.507.000.000, then the calculation by way of a neutral logarithm of the total assets that generate Size of 28,71. While the example of Analysis Company Age (Age) is PT Sido Appears IPO date is December 18, 2013, and the date of the establishment is March 18, 1975, the Age is rounded to 39 years.

The example of Analysis Calculation on Dependent Variables is the share price of PT Sido Appears IPO is USD 580 and the closing price on the first day of secondary market is USD 700. So the calculation is as follows:

Initial Return = (Closing price - Offering price) / Offering Price
= (USD 700 - USD 580) / USD 580
= 0,207 (Underpricing)

In this research, the descriptive statistics are used to give an overall picture of data based on the average (mean), standard deviation, maximum, and minimum of each variable. Table 1 shows the descriptive statistics that presented the test results on the data variables of this research.

Tabel 1 The Result of Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
UnderPricing (Y)	78	0,011	0,700	0,25827	0,225936
PBV (X1)	78	0,19	6,35	2,0453	1,20408
PER (X2)	78	-43,69	207,30	32,8817	51,22125
EPS (X3)	78	-53,30	558,24	54,0164	85,60801
DER (X4)	78	0,08	11,32	1,5553	1,92641
NPM (X5)	78	-1,04	5,15	0,2554	0,67208
SIZE (X6)	78	24,97	31,40	28,3224	1,33816
AGE (X7)	78	1	58	17,46	13,126
Valid N (list wise)	78				

Based on the results presented in Table 1 can be known the number of samples used in this study is as much as 78 samples. From the 78 samples of unknown variables underpricing research has the lowest value of 0,011 and the highest is 0,700 with an average value of underpricing 0,25827 and a standard deviation is 0,225936. Variable of PBV has the lowest value with 0,19 and the highest value with 6,35, to the value of the average PBV is 2,0453, and a standard deviation is 1,20408. Variable PER has the lowest value with -43,69 and the highest with 207,30, to the value of the average PER of 207,30 and a standard deviation of 51,22125.

Variable EPS has the lowest value of -53,30 and the highest of 558,24 with the average value of 54,0164, and a standard deviation of 85,60801. Variable DER has the lowest value at 0,08, and 11,32 is the highest value, the average DER value of 1,5553, and a standard deviation of 1,92641. Variable NPM has the lowest value of -1,04 and the highest of 5,15 with the average value of NPM are 0,2554, and a standard deviation of 0,67208. The variable Size has the lowest value of 24,97 and the highest of 31,40 with an average value of Size of 28,3224, and a standard deviation of 1,33816. Variable Age has the lowest value of 1 and the highest of 58 with an average value at 17,46 and a standard deviation of 13,126.

After that, it is done the normality test. The purpose of this test is to ensure that the independent and the dependent variable have a normal distribution or not. The method can be used to test the normality of the variables is the Kolmogorov-Smirnov statistic methods and methods of analysis charts. In the method of Kolmogorov-Smirnov statistic, independent and dependent variables can be considered normal if Asymp. Sig. (2-tailed) > 0,05. While the method of chart analysis, independent and dependent variables can be considered normal if the pattern of data points spread around the diagonal line and do not disperse far in the direction of the diagonal line. Table 2 shows the test results of Kolmogorov-Smirnov statistical methods and analysis method graph, while Figure 1 shows P-Plot normal graph.

Table 2 One-Sample Kolmogorov-Smirnov Test

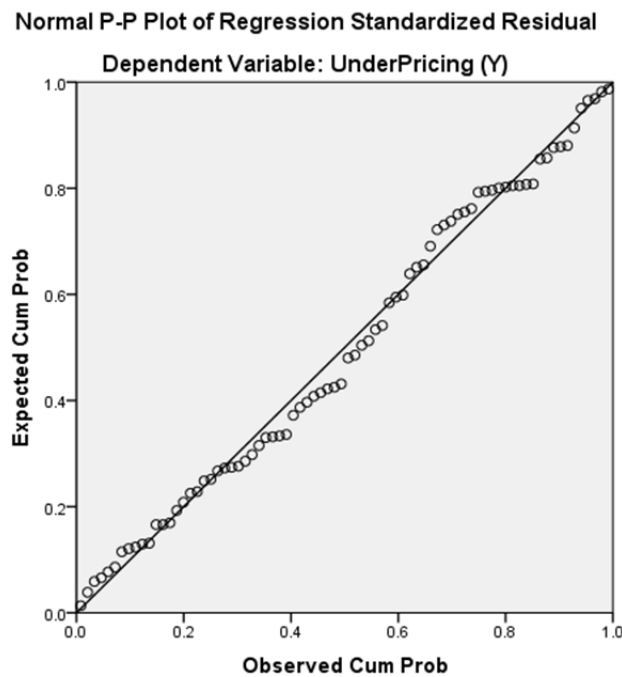|		Unstandardized Residual
N		78
Normal Parameters[a,b]	Mean	0,25827
	Std. Deviation	0,18106307
Most Extreme Differences	Absolute	0,072
	Positive	0,072
	Negative	-0,065
Kolmogorov-Smirnov Z		0,635
Asymp. Sig. (2-tailed)		0,814

Figure 1 P-Plot Normal Graph

Based on the test results of Kolmogorov-Smirnov statistic in Table 2 show that all variables usethe normal distribution with value Asymp. Sig. (2-tailed) > 0,05. Similarly, the graph in the Figure above shows the result of a pattern of data points spread around the diagonal line and does not disperse far in the direction of the diagonal line. It can be concluded that the regression model used in this study deserves to be further investigated.

Multicollinearity test aims to determine whether there is a correlation in the regression model between the independent variables. A good regression model should not happen correlation between the independent variable (no multicollinearity). In this test, multicollinearity can be determined based on the value of the Tolerance value and Variance Inflation Factor (VIF) with the following conditions (1) When Tolerance value is less than 0,01 and VIF is greater than 10 then it occurs Multicollinearity (Tolerance < 0,01, VIF > 10). (2) When the value Tolerance VIF is more than 0,01 and less than 10, then it does not happen Multicollinearity (Tolerance > 0,01, VIF < 10).

Table 3 The Test Results of Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	PBV (X1)	0,780	1,281
	PER (X2)	0,862	1,161
	EPS (X3)	0,834	1,199
	DER (X4)	0,741	1,349
	NPM (X5)	0,831	1,203
	SIZE (X6)	0,675	1,482
	AGE (X7)	0,931	1,074

a. Dependent Variabel: UnderPricing (Y)

Based on the test results of Multicollinearity that shown in Table 3, it is known that all independent variables in Indonesian companies, such as the variable PBV, PER, EPS, DER, NPM, Size, and the Age have a tolerance value of > 0,01 and VIF < 10. So that, it can be concluded that there is no Multicollinearity among all the independent variables.

Autocorrelation test aims to determine whether there is a correlation between the residuals of the observations to other observations in the regression model. To diagnose the presence of autocorrelation in a regression model, it can be done by testing the value of Durbin Watson with the provisions (Ghozali, 2009): (1) Figures DW <-2 indicates positive autocorrelation. (2) Figures DW between -2 to +2 indicates there is no autocorrelation. (3) Figures DW > +2 indicates negative autocorrelation. It can be seen in Table 4.

Tabel 4 The Test Result of Durbin-Watson

Model	Durbin-Watson
1	1,817

Based on the test results in Table 4, the value of Durbin-Watson for variables tested amounts to 1,817 that lies between -2 to +2 (-2 < 1817 > +2). It can be concluded that there is no autocorrelation in the regression model study.

Heteroskedasticity test aims to determine whether there is any inequality of the residual variance of the observations to other observations in the regression model. In this study, heteroscedasticity test is conducted by test Glejser and graphical method. Provisions in Glejser test are (1) The value of significance (Sig.) > 0,05, there are no symptoms of heteroskedasticity. (2) The value of significance (Sig.) > 0,05, there is heteroskedasticity symptoms. While the graphical method requirements are (1) There are no heteroskedasticity symptoms if no clear pattern, like dots that spread above and below the number 0 on the Y axis. (2) It is heteroskedasticity symptoms if there are certain clear patterns, such as dots form a specific pattern that regularly (wavy, widened and then narrowed). Table 5 shows the test results of heteroskedasticity symptoms.

Tabel 5 The Test Result of Glejser

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0,359	0,576		0,624	0,538
PBV (X1)	-0,022	0,022	-0,200	-1,021	0,316
PER (X2)	0,000	0,001	-0,056	-0,296	0,769
EPS (X3)	0,000	0,000	-0,240	-1,079	0,290
DER (X4)	-0,009	0,013	-0,150	-0,684	0,499
NPM (X5)	0,044	0,069	0,131	0,632	0,532
SIZE (X6)	0,003	0,021	0,036	0,164	0,871
AGE (X7)	-0,001	0,002	-0,080	-0,426	0,674

a. Dependent Variable: ABS_RES1

In Table 5, the test shows that all values Glejser sig > 0,05, which can be concluded that there is no heteroskedasticity in regression models. Multiple Linear Regression Analysis is conducted in order to determine the direction of the relationship between the dependent variable with the independent variable whether positive or negative. Multiple linear regression analysis includes testing, statistical tests t and F statistical test, the coefficient of determination (R^2).

T statistical test or significant test individual parameters are used to determine how much influence individual independent variables on the dependent variable. In this study used a significant level of 5% or $\alpha = 0,05$. The hypothesis used in this study is:
H0: There is no significant influence
Ha: There is a significant influence

The basis for a decision in this test are if significance value of $t > \alpha$, then H0 accepted, if significance value of $t < \alpha$, then Ha accepted. Table 7 shows the results of test statistics F.

Tabel 6 The Result of Test Statistics F

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,406	7	0,201	5571	0,000[b]
	Residual	2,524	70	0,036		
	Total	3,931	77			

From the test results F statistic for variable PBV, PER, EPS, DER, NPM, Size, and the Age by 5571 with a significance value of $0,000 < \alpha$ ($\alpha = 0,05$). So, Ha is received with the conclusion that the independent variables consisting of PBV, PER, EPS, DER, NPM, Size, and Age simultaneously significant effect on the dependent variable that is Underpricing.

Basically determination coefficient measures how far the ability of the regression model proposed in explaining the variation of the independent variable. The coefficient of determination ranged from 0 to 1. The coefficient of determination adjusted R2 shows how much influence the independent variables used in the study are able to explain the total variation of the dependent variable. According to Ghozali (2009), adjusted R2 value is expected to be positive, but the empirical test negative adjusted R2 value will be assumed to be 0. The basis for decision making in this study refers to Ghozali (2009) are as follows (1) If the value of R2 is getting close to 0, it means the ability of the independent variables in explaining the variation of the dependent variable is very limited. (2) If

the value of R2 is getting closer to 1, it means the ability of independent variables provides almost all the information needed to predict the variation of the dependent variable. Table 7 shows the test results of coefficient of determination (R2).

Tabel 7 The Test Results of Coefficient of Determination (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,598[a]	0,358	0,294	0,189901

Based on Table 7, the test result values obtained R^2 is equal to 0,358. This value is closer to the number 0 and the value of adjusted R square of 0,294 which showed that the ability of the independent variables is PBV, PER, EPS, DER, NPM, Size, and the Age in explaining the variation of the dependent variable is Underpricing amounted to 29,4%. And the remaining of 70,6% is influenced by other factors not examined in this study. T statistical test result is known that PBV, PER, DER, and Size significantly affects the level of underpricing during the initial public offering. Meanwhile, other variables such as EPS, NPM, and the Age have no significant effect on the level of underpricing during the IPO. F test results show that all independent variables are simultaneously significant effect on the dependent variable, it is supported by T-test result that shows the PBV, PER, DER, and Company size significantly affects the level of underpricing during the initial public offering.

The test results show that the coefficient of determination is the very limited dependent variable that explained by the independent variables. In the test results also show that the variation of the level of underpricing can be explained by the variation of the seven independent variables that consisting of PBV, PER, EPS, DER, NPM, Size, and the Age that amounted to 29,4%. This means that the influence of outside independent variables in this study is not examined as one example that is the market condition amounted to 70,6%. The small contribution of the coefficient of determination shows that the influence of the market, in this case, other instruments outside independent variables in this study are very significant in determining a company's level of underpricing.

CONCLUSIONS

Summary of test results on regression tests that have been done by researchers are as follows (1) On the statistical test t for the variable PBV, the value of the variable t at -3639 with significant values of 0,001 < 0,05, so Ha1 accepted. (2) In the statistical test t for the variable PER, the value of the variable t by 2733 with a significant value of 0,008 > 0,05, so Ha2 accepted. (3) In the statistical test for the variable t EPS, the value of the variable t by 0,643 with significant value for 0,522 > 0,05, so H03 is received. (4) In the statistical test t for the variable DER, the value of the variable t by 2269 with a significant value of 0,026 > 0,05, so Ha4 is accepted. (5) In the statistical test t for a variable NPM, the value of the variable t by 0,384 with significant value for 0,702 > 0,05, so H05 is received. (6) In the statistical test t for the firm variable size (Size), the value of the variable t at -2896 with significant values of 0,005 > 0,05, so Ha6 is accepted. (7) In the statistical test t for the variable Age Company (Age), the value of the variable t at -0,991 with significant value for 0,325 > 0,05, so H07 is received. (8) Statistical test F for variable PBV, PER, EPS, DER, NPM, Size, and the Age by 5571 with a significance value of 0,000 > 0,05, so Ha8 is accepted. (9) In the test the coefficient of determination (R2) for the variable PBV, PER, EPS, DER, NPM, Size, and Age obtain value of adjusted R square of 0294 which show that the ability of the independent variables is PBV, PER, EPS, DER, NPM, Size, and the Age in explaining the variation of the dependent variable is Underpricing amounted to 29,4%.

The conclusion based on the results of research and hypothesis testing that has been done is as follows: (1) PBV significantly affects the level of underpricing during the IPO. (2) PER significantly affects the level of underpricing during the IPO. (3) EPS has no significant effect on the level of underpricing during the IPO. (4) DER significantly affects the level of underpricing during the initial IPO. (5) NPM does not significantly affect the level of underpricing during the IPO. (6) Size significantly affects the level of underpricing during the IPO. (7) Age does not significantly affect the level of underpricing during the IPO. (8) PBV, PER, EPS, DER, NPM, Size, and the Age simultaneously significant effect on the level of underpricing during the IPO.

Based on the results obtained from this study, researchers give the following advice (1) For investors who will invest must consider internal factors which will be a place for investment, in order to ensure the sustainability of return and investment. (2) For companies that will carry out an initial public offering should see internal factors as well, because it will be a factor that considered by the investor in taking the decision to invest in the company. Companies should also provide complete information and can be accessed easily to increase investor confidence in the company. (3) For the Indonesia Stock Exchange, it must provide complete and detailed data in order to facilitate investors to acquire the data and information needed by investors as an investment consideration. (4) The company and investors should look at factors and beyond factors that not examined in this study, which may have an influence on the level of underpricing during the IPO.

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