

## **ABSTRACT**

**Research Question :** Does fundamental analysis (Liquidity, Activity, Leverage, Profitability Ratio, Firm Size & Dividend Policy) influence Price Earning Ratio in Indonesia Stock Exchange? **Motivation :** Many investors cannot justify the fair value of stock prices in capital market. **Idea :** This research is to mitigate the information asymmetry using the fundamental analysis to judge the fair value of stock prices in Indonesia's Capital Market. **Data :** 16 Company listed in Index LQ45 Indonesia Stock Exchange (BEI) in 2015 – 2019. **Method/Tools:** Data Panel from company financial report in 2015 – 2019. Data analysis will use EVIEWS Ver. 12 Student Lite Edition. **Findings :** The result shows that Liquidity, Activity, Leverage and Profitability Ratio have no significant impact, Firm Size have negative and significant impact and Dividend Policy have positive and significant impact on Price Earning Ratio. **Contribution :** This result of this study will provide readers the significant of fundamental analysis to Price Earning Ratio before investing in one stocks.

**Keywords:** Price Earning Ratio, Financial Ratios, Firm Size, Dividend Policy.