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RETAIL COMPANY PERFORMANCE IN INDONESIA BASED ON FINANCIAL RATIO ANALYSIS: WARREN BUFFETT'S PERSPECTIVE

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ABSTRACT
This research aim at determining the performance of retail companies in the Indonesia based on the analysis of financial ratios using Warren Buffett's perspective. Total number of sample is 10 companies listed in Indonesia Stock Exchange in 2014-2017. The analysis of financial ratio includes Earning Per Share (EPS), Price to Earnings Ratio (PER), Price to Book Value (PBV), Return on Equity (ROE), Current Ratio (CR), Debt to Equity Ratio (DER) and RoCE (Return on Capital Employee). First, this research examined the effect of those seven financial ratios on stock prices either partially. Afterwards, only financial ratio that had a significant effect on stock prices are analyzed using Warren Buffett. Hypothesis testing was conducted using Multiple Linier Regression analysis. The results point out that: 1) EPS, PBV, ROE, and DER partially effect to stock prices; 2) ACES meets 4 of 4 determined criteria for good company according to Warren Buffett. The criteria are the company has EPS growth for 4 consecutive years, has ability to pay off debt, and has consistent ROE> = 15%.

Keywords: *Retail companies, financial ratios, financial performance, stock price, Warren Buffet.*

INTRODUCTION
According to Berman, Evans, and Chatterjee (2018) retail business is a business activity that sells goods and services to the final consumers. This sector supports Indonesian economy because in 2016, it contributed 5.24% of the total of GDP and absorbed 22.4 million or 31.81% of workforce from the non-agricultural sector (Tim Sindonews, 2017). In addition, according to Global Retail Development Index (GRDI), Indonesia was listed in the top ten most attractive countries in the retail sector in 2017 (Margrit, 2017).

However, in 2017 to 2019, retail outlets in several shopping centers in Indonesia were closed. In 2019, 4.300 outlets are estimated to close (Mangkuto, 2019). The outlet closure is caused by changes in consumers' life style, changes in priority from consumption to investment, weak purchasing power, economic slowdowns, and shifting offline shopping patterns to online shopping (Fitriya, 2017). Besides, this closure is the opportunity for companies to expand and relocate to other prospective areas (Bella, 2018). Therefore, this phenomenon needs to be considered by retailers by implementing Omnichannel Retailing, to provide a shopping experience to consumers through various channels, both physical and digital (Rigby, 2011).

The phenomenon of retail outlets closure has attracted the researcher to identify further about the feasibility or the prospects of retail sector to be investment choices and performance of retail sector from the perspective of financial management. According to Fahmi (2014), an overview of a company's performance can be observed from its financial statement. He also states that a financial statement can help investors decide to buy or sell stocks after analyzing the company's prospect in the future. Samsul (2015) says that the company's performance reflects its operating income and net income per unit of shares, as well as several financial ratios that can describe the strength of management in managing the company.

This research used seven financial ratios influencing stock prices namely Earning Per Share (EPS), Price to Earnings Ratio (PER), Price to Book Value (PBV), Return on Equity (ROE), Current Ratio (CR), Debt to Equity Ratio (DER) and RoCE (Return on Capital Employee). The stock price is one of the indicators of the success of the company management. If the stock price of a company always increases, investors or candidates of investor assume that the company is successful in managing its business (Astuty, 2017). In this case, multiple linear regression analysis will examine whether the influence appears or not. Ratios affecting the stock price will be observed from Warren Buffett's perspective as the reference for candidates of investor before they buy certain company stocks.

Warren Buffett is the most successful investor in the world who is also a commissioner, president director, and the largest shareholder in Berkshire Hathaway. Buffett and Clark (2002) state that Warren Buffett is interested in companies with earning per share that has grown up over ten years. According to Eduwinsah and Sitorus (2018), "Warren Buffett chooses a company's share based on the company values with the following criteria: 1) the

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by Rahayu C.w.e.

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Earning Per Shares shows profits given by shareholders from each share owned (Fahmi, 2014). The higher the EPS value, the better the company's ability in providing returns to investors. Price Earnings Ratio (PER) shows investors' assessment in the company's growth prospect in the future reflected in share prices (Sudana, 2015). Price to Book Value (PBV) can be used to compare the market value and the book value of the company. According to Brigham and Houston (2018), "Return of Equity (ROE) measures the rate of return on investment of ordinary shareholders". The current ratio shows the company's ability in providing current assets to pay current liabilities (Sudana, 2015). The higher the Current Ratio, the greater the company's ability to pay off the current liabilities. Debt to Equity Ratio (DER) measures the ratio between total liabilities and total common equity (Brigham & Ehrhardt, 2017). The smaller the Debt to Equity Ratio (DER), the smaller the percentage of the company's debt. Return on Capital Employed (RoCE) shows efficiency and profitability for the company's capital investment (Morsy & Rwegasira, 2010).

LITERATURE REVIEW AND HYPOTHESIS

The researches on fundamental factors affecting stock prices have conducted by several researchers in Indonesia and other countries. Petcharabul and Rompasert (2014) study the relationship between financial ratios and stock returns in technology sector companies in Thailand Stock Exchange from 1997 to 2011. The research used five financial ratios, namely current ratio, debt-to-equity ratio, inventory turnover ratio, return on equity ratio, and price-earnings ratio. According to the result of the regression analysis, only ROE and PER have a significant relationship on stock returns.

Dita and Murtaqi (2014) find out that net profit margin and debt to equity ratio have a positive influence, while Price to Book Value has a negative influence on stock returns. Net profit margin, price to book value, and debt equity ratio simultaneously have a significant influence on stock returns. The research has been conducted to the consumer goods industry in Indonesia in 2009 to 2013.

Allozi and Obeidat (2016) examine the relationship between profitability ratio ((net profit margin (NPM), gross profit margin (GPM), return on assets (ROA), return on equity (ROE), earnings per share (EPS)) and leverage ratio ((debt ratio (DR), debt to equity ratio (DER), interest coverage ratio (CR)) with stock returns at Jordan. The research samples were 65 manufacturing companies in 2001 to 2011 in Amman Stock Exchange. The research result shows that gross profit margin, return on equity, return on assets, and earnings per share have a significant relationship on stock returns. Meanwhile, net profit margin and ratio leverage have no significant relationship on stock returns.

Sukhija (2014) examines fundamental factors affecting stock prices in 200 companies listed in Bombay Stock Exchange (BSE) India by using the inter-industrial approach in 1998 to 2013. This research concludes that book value, dividend per share and growth are the main determiners of banking and financial companies' stock prices. PER, book value, and growth are the determiners of petroleum and mining companies' stock prices. PER, book value, Cover and DPS are the significant determiners of infrastructure companies' stock prices. Book value, DPS and PER are the main determiners of metal and chemical companies' stock price. Book value, ROCE and earning per share are the main determiners of IT and communication companies' stock prices.

Nursida (2017) examines the influence of fundamental and macroeconomic analysis on the stock price in the companies listed in Indonesia Stock Exchange. The fundamental analysis uses current ratio, debt to equity ratio (DER), earning per share (EPS), return on assets (ROA), and total assets turnover (TATO), while the macro-economic analysis uses inflation and exchange rate. The fundamental analysis shows that Current ratio (CR) and ROA has a positive influence on stock prices while debt to equity ratio (DER), earning per share (EPS) and total assets turnover (TATO) has no influence on stock prices. The result of macroeconomic analysis is that the inflation rate has no influence on stock prices, while the exchange rate has a negative influence on stock prices.

Malhotra and Tandon (2013) examine factors influencing stock prices on 95 companies listed in National Stock Exchange (NSE) India in the period of 2007–2012. The research result shows that book value, earning per share and price earnings has a significant positive influence on companies' stock prices.

Astuty (2017) states the influence of fundamental factors and systematic risks on stock prices in the companies listed in LQ45 Index in the period of 2011–2015. The research result shows that simultaneously, price earnings ratio (PER), earning per share (EPS), net profit margin (NPM), price to book value (PBV), and systematic risks have a significant influence on stock prices in the companies listed in LQ45 Index in the period of 2011–2015. Partially, earnings ratio (PER), earning per share (EPS), net profit margin (NPM), price to book value (PBV), and systematic risks have a significant influence on stock prices.

Pratama, Azizah, and Nurlaily (2019) examine the influence of financial performances on stock prices in 13 companies in Jakarta Islamic Index listed in the Indonesia Stock Exchange in 2014–2017. The companies' financial performances can be observed through financial ratios namely return on equity, earning per share, current ratio, and debt to equity ratio. Their research was explanatory research using a quantitative approach. The data analysis used is multiple linear regression analysis. According to the examination result conducted simultaneously, variables of return on equity (ROE), earning per share (EPS), current ratio (CR) dan debt to equity ratio (DER) have a significant influence on stock prices. According to the examination result conducted partially, variables of return on equity (ROE) and earning per share (EPS) has a significant positive influence on stock prices. Meanwhile, current ratio (CR) and debt to equity ratio (DER) have no significant influence on stock prices.

Hadi and Nurhayati (2018) find out that ROE has a positive influence on stock prices. Guritno (2013) finds that current ratio, ROE, firm size has partially no significant influence on stock returns. Utami and Darmawan (2019) find out that earning per share and market value added have a positive influence on stock prices, while debt to equity ratio, return on assets and return on equity partially have no influence on stock prices. Cahyaningrum and Antikasari (2017) find out that EPS, PBV, ROA, and ROE in 2010–2014, simultaneously and partially, have a positive influence on financial sector companies' stock prices. Meanwhile, Herawati and Putra (2018) find out that DER, CR, and PER have no significant influence on food and beverages companies' stock prices.

The Influence of Earning Per Share on Stock Prices

EPS is the net income per share given to ordinary shareholders (Brigham & Ehrhardt, 2017). The higher the profit per share, the better the company's financial capability showed by dividends and high retained earnings (Maholtra & Tandon, 2013). The higher the EPS, the better the company's prospect for investors because higher income can be achieved. This situation can attract investor in buying shares. The increase in the number of stock requests may cause the company's stock prices to increase. The previous researches by Utami and Darmawan (2019), Cahyaningrum and Antikasari (2017), Astuty (2017), and Idawati and Wahyudi (2015) show that earning per share has a positive influence on stock prices. Therefore, the hypothesis formulated is:

H_1: Earning per share affects stock prices

The Influence of Price to Earnings Ratio on Stock Prices

PER shows investors' assessment of the companies' growth prospects in the future reflected in stock prices (Sudana, 2015). The price/earnings (P/E) ratio shows how much investors are willing to pay per dollar of reported profits (Brigham & Ehrhardt, 2017). A fast-growing a company has higher PER compared to the risk company. Growth prospect can attract investors to invest in companies by buying shares. High demand on stock may lead to increasing stock prices. The low PER ratios tend to be followed by fast-growing stock prices, while the high PER ratios will be followed by slow-growing stock prices (Astuty, 2017). Rahmadewi and Abundanti (2018), Malhotra and Tandon (2013), Astuty (2017) state that Price to Earnings Ratio has a positive influence on stock prices. Therefore, the proposed hypothesis is:

H_2: Price to Earnings Ratio affects stock prices

The Influence of Price to Book Value on Stock

PBV value shows the comparison between market values and book values of the company. Cahyaningrum and Antikasari (2017) show that a company that has good performances will achieve high PBV values. The better performance of a company leads to higher PBV ratios annually. The increase in performance will be followed by the increase in stock prices due to higher demand in stocks. This is supported by Astuty (2017) who finds out that PBV has a positive influence on stock prices. Therefore, the hypothesis proposed is:

H_3: Price to Book Value affects stock prices

The Influence of Return on Equity on Stock Prices

Return on Equity shows the comparison between operating income and equity (Samsul, 2015). If more profits are generated, investors get greater profits on their investments. The greater ratios lead to the more efficient own capital management (Sudana, 2015). Therefore, this will be a good signal for investors regarding companies' future prospects. In addition, the increase in ROE is expected to be followed by the increase in stock prices. This is in line with Cahyaningrum and Antikasari (2017), Hadi and Nurhayati (2018), who find out that ROE has a positive influence on stock prices. The following hypothesis is proposed as follows:

H₄: Return on Equity affects stock prices.

The Influence of Current Ratio on Stock Prices

Current ratio measures companies' capability to pay current liabilities with their current assets (Sudana, 2015). The greater ratio shows that the company is more liquid. In this case, the company has good performances which attract investors to buy the company's shares. Investors' interest in buying shares will lead to the increase in stock prices. Choi and Sias (2012) declare that an increase in current ratio can be used to predict an increase in stock returns. Gursida (2017) find out that CR has a positive influence on stock prices. The higher current ratio, the higher stock prices. Therefore, the hypothesis is formulated as follows:

H₅: Current Ratio affects stock prices

The Influence of Debt to Equity Ratio on Stock Prices

Debt to equity ratio is total liabilities divided by total common equity (Brigham & Ehrhardt, 2017). The lower ratio is better for companies because they will achieve greater equity to pay debts so that investors feel safe (Fahmi, 2014). If companies are able to pay the obligation to creditors on time, they have good performances that can attract investors to buy their shares. The more investors who are interested to buy, the higher stock prices will be. Therefore, a low debt ratio that is followed by companies' capability in paying obligation to creditors on time will lead the increase in stock prices. Therefore, the hypothesis is proposed as follows:

H₆: Debt to Equity Ratio affects stock prices

The Influence Return on Capital Employee on Stock Prices

According to Sukhija (2014) RoCE is one of the factors influencing IT and communication companies' stock prices in India. RoCE shows the efficiency and the profitability of a company's investment capital (Morsy & Rwegasira, 2010). The greater RoCE leads to the use of capital which is more efficient as well as the profit generated by the company which is greater. Hence, the hypothesis is proposed as follows:

H₇: Return on Capital Employee affects stock prices

RESEARCH METHOD

Population and Sample

The population in this research were 25 retail sub-sector companies listed in Indonesia Stock Exchange in 2014–2017. The samples were chosen with certain consideration in which the company has a positive profit based on the financial statement published during the period of 2014 to 2017 or using purposive sampling method (Sugiyono, 2017). Ten companies meeting the criteria are presented in the Table 1 as follows:

Table 1
The Companies List at Retail Subsector

Code	Company Name
ACES	Ace Hardware Indonesia Tbk
AMRT	Sumber Alfaria Trijaya Tbk
CSAP	Catur Sentosa Adiprana Tbk
ERAA	Erajaya Swasembada Tbk
HERO	Hero Supermarket Tbk
LPPF	Matahari Departemen Store bk
MAPI	Mitra Adiperkasa Tbk
MIDI	Midi Utama Indonesia Tbk
RALS	Ramayana Lestari Sentosa Tbk
TELE	Tiphone Mobile Indonesia Tbk

Source: www.idx.co.id, 2019

Data

This research used secondary data in the form of annual closing stock prices and the financial statement during the period of 2014 to 2017. The financial statement was used to identify financial ratios as follows:

1) Earning Per Share

   Earning per share is the profit given to shareholders for each share they have (Fahmi, 2011).

   The formula is $EPS = \frac{\text{Net income available to common stockholders}}{\text{Common shares outstanding}}$

2) Price to Earnings Ratio

   This ratio shows how much investors are willing to pay per dollar of reported profits (Brigham & Ehrhardt, 2017).

   The formula is $PER = \frac{\text{price per share}}{\text{Earning per share}}$

3) Price to Book Value

   Price to Book value compare market price per share with book value per share (Fahmi, 2014). The formula is $PBV = \frac{\text{Market price per share}}{\text{Book value per share}}$

4) Return on Equity (ROE)

   ROE measures the rate of return on investment of (Brigham & Houston, 2018). The formula is $ROE = \frac{\text{Earning After Taxes}}{\text{Total Equity}}$

5) Current Ratio (CR)

   According to Brigham and Ehrhardt (2017), current ratio is the comparison between current assets and current liabilities. Generally, creditors are interested in companies with high current ratios.

   The formula is $CR = \frac{\text{current assets}}{\text{current liabilities}}$

6) Debt to Equity Ratio

   Debt to equity ratio is total liabilities divided by total common equity (Brigham & Ehrhardt, 2017). The formula is $DER = \frac{\text{Total debts}}{\text{Total common equity}}$

7) Return on Capital Employee (RoCE)

   RoCE shows the efficiency and the profitability of a company's investment capital (Morsy & Rwegasira, 2010).

   The formula is $RoCE = \frac{\text{EBIT}}{\text{Total Assets} - \text{Current Liabilities}}$

FINDINGS

The Result of Multiple Linear Regression Analysis Test

Multiple Linear Regression Analysis is conducted to examine the influence of the seven financial ratios on stock prices. Before conducting regression analysis, classical assumption tests consisted of normality, multicollinearity, autocorrelation and heteroskedasticity are conducted. The data is categorized to pass all four tests. The regression results are presented in the Table 2.

Table 2.
The Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	*t*	Sig.
		B	Std. Error	Beta		
1	(Constant)	212.668	623.566		0.341	0.735
	EPS	25.570	1.831	1.056	13.962	0.000
	PER	3.917	2.659	0.061	1.473	0.150
	PBV	468.786	84.473	4.297	5.550	0.000
	ROE	-15407.761	2868.878	-4.549	-5.371	0.000
	CR	64.398	115.126	0.028	0.559	0.580
	DER	387.895	185.305	0.256	2.093	0.044
	RoCE	1415.335	863.206	0.140	1.640	0.111

a. Dependent Variable: Closed price

Based on Table 2, the equation of the multiple linear regression analysis is

$$Y = 212.668 + 25.570\ EPS + 3.917\ PER + 468.786\ PBV - 15{,}407.761\ ROE + 64.398\ CR + 387.895\ DER + 1{,}415.335\ RoCE$$

DISCUSSION

The Influence of Earning Per Share on Stock Prices

In the Table 2, EPS variable has a significant value of 0.000 which is smaller than 0.05. Therefore, EPS has a positive and significant influence on stock prices (H_1 is supported). This means that the higher EPS, the higher stock prices will be. The higher EPS shows the better companies' capability in producing profit for the companies and the shareholders. This result is in line with the researches by Utami and Darmawan (2019), Cahyaningrum and Antikasari (2017), Astuty (2017), Asmirantho and Somantri (2017), and Idawati and Wahyudi (2015) in which EPS has a positive and significant influence on stock prices. However, the result is different from Gursida's research (2017) in which EPS has no influence on stock prices.

The Influence of Price to Earnings Ratio on Stock Prices

In the Table 2, PER variable has a significant value of 0.150 which is greater than 0.05. Therefore, PER has no significant influence on stock prices (H_2 is not supported). In this case, PER is not one of the factors considered by investors in their investment. The higher or the lower PER value does not influence investors' interest to invest in a company. This result is in line with the research by Herawati and Putra (2018) in which PER has no influence on stock prices. While Malhotra and Tandon (2013), Astuty (2017), Rahmadewi and Abundanti (2018) show different result in which PER has a positive influence on stock prices.

The Influence of Price to Book Value on Stock Prices

In the Table 2, PBV variable has a significant value of 0.000 which is smaller than 0.05. Therefore, PBV has a positive and significant influence on stock prices (H_3 is supported). The higher PBV value indicates that market value of the company is higher than the book value. Cahyaningrum and Antikasari (2017) show that companies that have good performances will have high PBV values which lead to higher PBV ratios. The increase in performance will be followed by the increase in stock prices due to the higher demand in stock. This result is in line with Astuty's research (2017) who finds that PBV has a positive influence on stock prices.

The Influence of Return on Equity on Stock Prices

In Table 2, ROE variable a beta value of -15407.761 with a significance of 0.000 < 0.05. This means ROE has a negative and significant influence (H_4 is supported). According to Cholidia (2017) as cited in Rahmadewi and Abundanti (2018), this negative influence is caused by investors is using reference groups, experiences and speculations instead of using fundamental analysis in investment decision making. This research is expected that the increase or the decrease in company returns is not necessarily influenced by the increase in stock prices. The increase in stock prices of retail companies is caused by the increase in companies' product demand in certain events such as Eid al-Fitr, Christmas, New Year, and when natural disasters hit several regions in which many consumers need the products. This result is different from the researches by Cahyaningrum and Antikasari (2017), Hadi and Nurhayati (2018) that state that ROE has a positive influence on stock prices. The result difference is happened because there are only two out of ten companies, ACES and LPPF that have ROE over 15 % for 4 years in a row. This means that most of the companies that are studied have poor performance in terms of ROE. This is in line with Sudiyatno and Suharmanto (2011) who find that ROE has a negative influence on stock return in the food and beverage industry in the IDX.

The Influence of Current Ratio on Stock Prices

In the Table 2, CR varible has a significance of 0.58[illegible] which is greater than 0.05. Therefore, H_5 which states that CR has an influence on stock prices is not supported. This means that investors do not consider the size of CR value when they making an investment decision. In addition, the information about current ratio issued once a year while stock prices value can be seen every day. This condition leads investors in this research, who are also market players in making investment decision, do not really pay too much attention to the impact of the capability of companies' liquidity (Pratama *et al*., 2019). This research assumes that retail companies prioritize the availability of ready-to-sell goods rather than other current assets such as cash, receivables and short-term securities. The research result is in line with the researches by Guritno (2013), Asmirantho and Somantri (2017), Herawati and Putra (2018) that price to earnings ratio has no influence on stock prices. However, it is different from Gursida's research (2017) who find out that CR has a positive influence on stock prices.

The Influence of Debt to Equity Ratio on Stock Prices

In the Table 2, DER variable has a beta value of 352.696 with a significance of .048 which is smaller than 0.05. This means that DER has a positive and significant influence on stock prices so that H_6 is supported. Investors do not pay too much attention to the high debt ratio when investing because during 2014–2017, companies can still have a positive profit. This can be seen in eight of out ten companies' samples that have DER which is greater than 1. This means that the majority of companies have greater debts than the total equity. In this case, it can be assumed that even though companies have high debt ratio, they are still able to fulfill their responsibility to pay debts by producing profit annually. The researches by Asmirantho and Somantri (2017), Gursida (2017), and Herawati and Putra (2018) show that DER has no influence on stock prices.

The Influence of Return on Capital Employee on Stock Prices

In the Table 2, the significance of RoCE variable is 0.111 which is greater than 0.05. Therefore, H_7 stating that RoCE has a significant influence on stock prices is not supported. This means that investors do not consider RoCE when they investing. They tend to pay less attention to EBIT (Earning Before Interest and Taxes) but pay more attention to EAT (Earning After Tax) because it is relevant for them in terms of assessing shareholders' wealth and calculating dividends. In addition, EAT is also relevant as the indicator to assess companies' capability in producing profit. This research result is different from Sukhija's research (2014) in which RoCE is one of the factors influencing stock prices on IT and communication companies in India.

The Performance of Retail Sub-Sector Companies Based on Warren Buffett's Perspective

The result of multiple linear regression analysis shows that EPS, PBV, ROE, and DER have a significant influence on stock prices. The result of calculation of the four ratios in ten companies during the period of 2014–2017 is presented in the Table 3, 4, 5, and 6.

Table 3
EPS Calculation Result

Code	Year			
	2014	2015	2016	2017
ACES	32.44	34.51	41.69	45.62
AMRT	14.27	11.23	14.4	7.23
CSAP	36	14	21	19
ERAA	73	43	55	86
HERO	10.0	5.0	4.1	12.8
LPPF	486.5	610.5	692.4	653.8
MAPI	197	23	126	202
MIDI	48.09	48.75	68.01	35.67
RALS	50.12	47.64	60.02	60.48
TELE	50	52	66	57

According to Warren Buffett, ACES, ERAA, LPPF, MAPI, MIDI, RALS, and TELE are the companies that have good performance because their profit is stable and they have developed for four years in a row (Buffett & Clark, 2002).

Table 4
PBV Calculation Result

Code	Year			
	2014	2015	2016	2017
ACES	5.70	5.38	4.70	5.64
AMRT	0.010	0.005	0.005	0.005
CSAP	0.002	0.001	0.002	0.001
ERAA	1.05	0.49	0.51	0.58
HERO	0.002	0.006	0.008	0.006
LPPF	246.37	46.41	23.78	12.53
MAPI	0.000003	0.000002	0.000003	0.000002
MIDI	0.0027	0.003053	0.0026	0.0033
RALS	0.0017	0.0014	0.0025	0.0024
TELE	0.0026	0.0019	0.0019	0.0020

According to Warren Buffett, ACES is the company that has good performance because the PBV value > 1 (Buffett & Clark, 2002).

Table 5
ROE Calculation Result (in %)

Code	Year			
	2014	**2015**	**2016**	**2017**
ACES	23.2	22.2	23.2	22.2
AMRT	19.16	11.49	11.86	5.7
CSAP	12.78	5.75	5.03	6.41
ERAA	7	7.17	7.68	9.37
HERO	0.8	2.47	2.54	7.7
LPPF	799.04	160.98	108.87	81.92
MAPI	2.81	1.01	6.51	8.25
MIDI	22.39	19.1	21.9	11.14
RALS	10.7	10.1	12.2	11.6
TELE	12,2	13.2	14.6	11.88

According to Warren Buffett, ACES and LPPF are the company that have good performance because the ROE value >= 15% and it is consistent (Buffett & Clark, 2002).

Table 6
DER Calculation Result

Code	Year			
	2014	**2015**	**2016**	**2017**
ACES	0.25	0.24	0.22	0.26
AMRT	3.67	2.13	2.68	3.17
CSAP	3.04	3.13	2.00	2.37
ERAA	1.03	1.43	1.18	1.39
HERO	0.52	0.88	1.23	1.11
LPPF	18.20	2.50	1.60	1.30
MAPI	2.33	2.19	2.33	1.69
MIDI	3.17	3.39	3.76	4.29
RALS	0.37	0.37	0.39	0.40
TELE	1.01	1.53	1.56	1.47

According to Warren Buffett, ACES and TELE have good performance because they have capability in paying debts and their debt ratio is low in which DER value <=1 (Buffett & Clark, 2002).

Recommendations for Prospective Investors

The recommendations for prospective investors are based on four independent variables which significantly influences stock prices, namely EPS, PBV, ROE, and DER. The recommendations are presented in the Table 7.

Table 7
Shares Recommended for Purchase

Criteria			
Increasing EPS	Consistent ROE>=15%	PBV > 1	DER < 1
ACES	ACES	ACES	ACES
ERAA	LPPF		TELE
LPPF			
MAPI			
MIDI			
RALS			
TELE			

Based on the Table 7, ACES (Ace Hardware Indonesia Tbk) is the company that meets the four criteria set by Warren Buffett. Therefore, it is recommended to be bought by prospective investors.

CONCLUSION

Conclusion

1) EPS, PBV, ROE, and DER partially have significant effect to stock prices; while PER, CR and RoCE produce no significant effect to stock prices in retail companies in Indonesia.
2) ACES meets the four criteria for good company according to Warren Buffett
   The criteria are the company has EPS growth for four consecutive years, has ability to pay off debt, and has consistent ROE> = 15%.

Suggestion

Companies should maintain their good financial ratios, namely EPS continues to increase, ROE> = 15%, DER <1 and PBV> 1 to attract investors to invest in retail companies.

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