ABSTRACT

This research is aimed to examine the influence of company’s changes in net income and cash flow components on the realized stock return annually measured in different life cycle stages. Corporate life cycle in this research consists of five stages: startup, initial expansion, final expansion, mature, and decline stage. But because of the limitation of the sample data, this research do not analyze the startup stage and decline stage. Multiple regression analysis is used to examine the data of 54 public companies (based on manufacturing companies category) listed in Indonesia Stock Exchange for period 2009-2013. The results indicate that in the beginning expansion stage, the change of net income and cash flow components has no significant influence on the realized stock return. However, in the final expansion, the analysis results indicate that only changes in net income has direct influence and significant on the realized stock return. And in the mature stage, the analysis indicate that only changes in cash flow from operation and investment has direct influence and significant on the realized stock return.

Keywords: Net income, Cash flow components, Firm life cycle