

ABSTRACT

Dividends are the distribution of a company's profits to shareholders and serve as an indicator of financial performance. This study aims to predict dividend payout using the Multiple Linear Regression method, with independent variables including Earning per Share (EPS), Debt to Equity Ratio (DER), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), and Firm Size. The study evaluates the performance of a Simple Linear Regression model, using only time (year) as the independent variable, against a Multiple Linear Regression model that incorporates additional financial variables. The results show that the Simple Linear Regression model produces an average R-squared value of 0.296. When EPS is added as an independent variable, the average R-squared increases significantly to 0.722. Further adding other financial variables, such as DER, ROA, ROE, CR, and Firm Size, raises the average R-squared to 0.797. Although the inclusion of additional financial variables leads to an increase in R-squared, the variance change is not statistically significant. In conclusion, the Multiple Linear Regression model improves the accuracy of predicting dividend payout compared to the Simple Linear Regression model. The inclusion of financial fundamentals provides more precise predictions, which can be a valuable tool for investors in making decisions.

Keywords: *Multiple Linear Regression, Dividend Payout Prediction, Financial Fundamentals, Stocks*