

## ABSTRACT

The purpose of this research is to know and to analysis the connection of *Price Earning Ratio (PER)* with fundamental factors (*Earning Growth Rate, Dividend Payout Ratio, Debt/Equity Ratio, Net Profit Margin, Total Asset Turnover Ratio, Profit After Tax (EPS) and Return on Equity*). Another purpose is to know and analysis the difference of company conditions on telecommunication sector. By using analysis *Financial Ratio* (likuidity, solvability, activity, rentability and market ). In this research is secondary data consist of the financial report from 1996 until September 2003. The method used is *Double Regression Liner Model ( F-test, Adjusted R Square and t-test )* and *Mean Whitney U Test* to see the difference of *Financial Ratio*. The research result showed the population state *Total Asset Turn Over* and *Dividen Payout Ratio* have significant effect to *Price Earning Ratio* for PT. Telkom Tbk on 0.05 significant level and only *Earning Growth Rate* has effect to *Price Earning Ratio* for PT. Indosat Tbk on 0.10 significant level. Besides that of *Mean Whitney U Test* showed that has significant difference about *Financial Ratio* for both of mentioned companies.