

Chutima Srisantivate 2014: The Relationship between Financial Ratio and Expected Rate of Return in the Stock Exchange of Thailand. Master of Accountancy, Major Field: Accounting, Department of Accounting.
Thesis Advisor: Mr. Thamrongsak Svetalekth, Ph.D. 171 pages.

The objective of this research is to determine the direction of the relationship between financial ratios and the expected rate of return on the investment needs of companies listed on the Stock Exchange of Thailand. The number of samples are 355 listed companies from 2007 – 2011. The total detail is 1,775. The variable data are gross profit margin (GPM), net profit margin (NPM), return on assets (ROA), total asset turnover (TAT), debt to equity (D / E), dividend payout (DP), return on capital employed (ROCE), price earnings (P/E) and earning per share (EPS). Apart from data descriptive statistics, Pearson Correlation and Multiple Regression Correlation will be analysed in terms of statistical techniques.

The study found that the relationship between gross profit margin (GPM), net profit margin (NPM), return on assets (ROA), dividend payout (DP), return on capital employed (ROCE), earning per share (EPS) have significantly negative relationship with expected rate of return. Total asset turnover (TAT), price earnings (P/E) have significantly positive relationship with expected rate of return. However, it can be identified in some industries. So, financial ratio can explain the relationship with expected return. Nevertheless, the investor should consider additional factors before making the decision such as the economy of country and global, the policy, the exchange rate and business performance.

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