

## Investors' Ratio Analysis and the Profitability of Listed Firms: Evidence from Nigeria

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**Abstract :** The stock market has continually been a source of economic development in most developing countries. This study examined the relationship between investors' ratio analysis and profitability of quoted companies in Nigeria using secondary data obtained from the annual reports of forty-two (42) companies. The study employed the multiple regression technique to analyze the relationship between investors' ratio analysis (measured by dividend per share and earning per share) and profitability (measured by the return on equity). The results from the analysis show that investors' ratio analysis, when measured by earnings per share, have a positive and significant impact on profitability. However, the study noted that investors' ratio analysis, when measured by dividend per share, tend to have a positive impact on profitability but it is statistically insignificant. By implication, investors and other stakeholders that are interested in investing in stocks can predict the earning capacity of listed firms in the stock market.

**Keywords :** dividend per share, earnings per share, profitability, return on equity

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