

ABSTRACT

Current economic conditions have created intense competition between companies in the industry. Competition makes each company further improve performance so that its goals can still be achieved. The main objective of a company that has gone public is to increase the prosperity of the owner or shareholders through increasing the value of the company. One of the factors that influence a company's value is low leverage and high profitability.

This study aims to determine the effect of leverage and profitability on firm value in manufacturing sector companies listed on the Indonesian stock exchange. The research method used is quantitative. The sample in this study were seven automotive sector companies listed on the Indonesia stock exchange. In this study, the sampling technique used by the author is Purposive Sampling. The analytical method used is multiple linear regression analysis and hypothesis testing using the coefficient of determination.

Based on partial research results that leverage affects 32.1% of the value of the company, and profitability affects 55% of the value of the company. Furthermore, leverage and profitability simultaneously affect as much as 87.1% of the company's value.

Keywords: Leverage, Profitability, company's value