ABSTRACT

A company's financial performance can be assessed by using its financial ratio analysis. However, not all financial ratios can represent the performance of the related companies. Therefore, this study aims to determine what are the factors affecting the financial performance of 10 pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) in the year of 2013 to 2019. The model used in this research is the fixed effects model with the ordinary least square method (OLS). Secondary data used in the research are taken from annual and financial reports from the Indonesia Stock Exchange website. The writer used the variable Return on Equity as a proxy variable of the company performance, while the independent variables in this study are Debt to Equity Ratio, Total Sales, Earning per Share, Net Profit Margin, and Current Ratio. This study found that the Debt to Equity Ratio, Net Profit Margin, and Current Ratio have a significant positive relationship to Return on Equity. In other words, it can be concluded that the company must be able to manage its assets and debts properly in order to generate optimal income.

Keywords*: *Pharmaceutical, Return on Equity, Leverage, Net Profit Margin, Earning per Share, Total Sales, Current Ratio, Fixed Effect Model