

ABSTRACT

This study aims to analyze the effect of debt components toward profitability in manufacturing companies at Indonesia Stock Exchange period 2007 – 2012. The population in this study is all of the companies listed on ISE which samples are manufacturing companies listed on ISE. Samples are determined by using purposive sampling method and 60 manufacturing companies has selected to be samples in this study. Testing hypothesis is using multiple regression analysis with SPSS version 21.

The results of this study show that Long Term Debt to Asset Ratio has no effects towards Return On Equity, Debt to Asset Ratio has negative effects towards Return On Equity, and Debt to Equity Ratio has positive effects towards Return On Equity. Therefore, based on this testing showed that first hypothesis (H1) which said that Long Term Debt to Asset Ratio has negative effects towards profitability (Return On Equity) got rejected. H2 which said that Debt to Asset Ratio has negative effects towards profitability (Return On Equity) was also accepted. H3 which said that Debt to Equity Ratio has negative effects towards profitability (Return On Equity) got rejected.

Keywords : Long Term Debt to Asset Ratio, Debt to Assets Ratio, Debt to Equity Ratio, and Return On Equity.