

ABSTRACT

Every company aims to be able to get maximum company value. One determinant of company value is a combination of optimal capital structure. So that changes in capital structure and things that affect it are important to know. This study aims to examine the effect of market to book, EWAMB, size, tangibility and profitability on capital structure with average leverage in similar industries as control variables.

The sample in this study were manufacturing companies listed on the Indonesia Stock Exchange in 2013-2017 with a population of 144 companies and 42 samples which could be processed in five years. The study uses multiple linear regression analysis using IBM SPSS 23 to analyze data. The analysis technique uses the least squares method (Ordinary Least Square).

The analysis shows that the market to book ratio, EWAMB, size, tangibility and profitability affect the company's capital structure. Market to book ratio affects the capital structure with a significance value of 0,000; EWAMB has a significant negative effect on capital structure with a significance value of 0.008; size has a significant and positive effect on capital structure with a significance level of 0,000; tangibility has a significant and positive effect on capital structure indicated by the results of the significance level at 0.008; profitability variables have a negative and significant effect on capital structure with a significance level of 0,000.

Keywords : *market to book, struktur modal, size, tangibility, profitability, trade off theory, pecking order theory, market timing*