

ABSTRACT

This study aims to analyze the effect of debt financing on firm profitability listed in the Indonesia Stock Exchange. The independent variables of this study include Short-term Debt (STD) and Long-term Debt (LTD). Meanwhile, Return on Assets (ROA) as proxy of firm profitability and also Firm Size and Firm Age as control variables used in this study.

This study used secondary data with population consists of 34 food and beverage firms listed in the Indonesia Stock Exchange in the period of 2015-2020. Sample selection is done using the purposive sampling method, there are 17 food and beverage firms which are used as research samples. Multiple linear regression analysis was used in this study as the analytical method.

The results of this study shows that Short-term Debt (STD) and Long-term Debt (LTD) has significant negative effect on Return on Assets (ROA). Meanwhile firm size and firm age has significant positive effect on firm profitability (Return on Assets).

Keywords: *Firm profitability, Return on Assets, debt financing, Short-term Debt, Long-term Debt, Firm Size, Firm Age*