

## **ABSTRACT**

*Altman Z Score is one of the most popular and frequently used-bankruptcy's prediction model. Using five financial ratios, which are : WCTA, RETA, EBITTA, MVTL and SATA, this model could predict financial health of a firm. This study aims to determine the effect of financial ratios using in Altman Z Score model on the financial distress predicting of manufacturing firms.*

*The dependent variable in this study is financial distress, while the independent variables are WCTA, RETA, EBITTA, MVTL and SATA; and managerial ownership as a control variable. The population of this study is all of manufacturing firms enlisted in Indonesia Stock Exchange. The samples taken are firms with negative and positive EPS on 2 years period consecutively. Data collected was analyzed by descriptive analysis and logistic regression analysis using SPSS program.*

*Based on the results of the research conducted, it can be concluded that: WCTA, MVTL and SATA have no significant effect on the profitability of financial distress. RETA and EBITTA have a negative and significant effect on the financial distress condition of manufacturing firms.*

*Keywords: altman z score, financial ratios, financial distress, earning per share (eps)*