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The Effect Of Corporate Debt And Profitability On Corporate Intrinsic Value In Banking Companies In Indonesia

Pengaruh Hutang Perusahaan Dan Profitabilitas Terhadap Nilai Intrinsik Perusahaan Pada Perusahaan Perbankan Di Indonesia

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ABSTRACT
The Aim of this study is to look into how capital structure affects the true value of a company. Amounts of short-term debt to total assets (STDTA), long-term debt to total assets (LTDTA), and total debt to total assets (TDTA) show how much of an effect this has. The return on equity (ROE) ratio is another way to measure the effect of revenue. The net present value of the expected Free Cash Flow to Equity (FCFE) tells us how much the company is really worth. This study is mostly about companies that were launched on the Indonesia Stock Exchange between 2017 and 2019. Out of the 44 companies that exist, 26 were picked to be part of the study. The path analysis method was used to test the hypothesis at a significance level of 5%. The results show that STDTA has a significant positive effect of 0.068 on the company's intrinsic value. This means that a one-time increase in short-term debt compared to total assets will raise the intrinsic value by 6.8%. The company's fundamental value goes up by 0.05, which is a noticeable amount. On the other hand, TDTA has a big negative effect of -0.968, which means that a one-time rise in total debt compared to total assets will lower the value by 96.8%. Finally, profitability through ROE showed a strong positive effect of 0.773, which means that a one-time increase in net profit compared to total stock will raise the value by 77.3%.
Keywords: *Short Term Debt To Total Assets, Long Term Debt To Total Assets, Total Debt To Total Assets, Return On Equity, Free Cash Flow To Equity and Company Intrinsic Value.*

ABSTRAK
Tujuan dari penelitian ini adalah untuk melihat bagaimana struktur modal mempengaruhi nilai perusahaan yang sebenarnya. Jumlah utang jangka pendek terhadap total aset (STDTA), utang jangka panjang terhadap total aset (LTDTA), dan total utang terhadap total aset (TDTA) menunjukkan seberapa besar pengaruhnya. Rasio laba atas ekuitas (ROE) adalah cara lain untuk mengukur pengaruh pendapatan. Nilai sekarang bersih dari Arus Kas Bebas ke Ekuitas (FCFE) yang diharapkan menunjukkan seberapa besar nilai perusahaan. Penelitian ini sebagian besar adalah tentang perusahaan yang baru saja melantai di Bursa Efek Indonesia antara tahun 2017 dan 2019. Dari 44 perusahaan yang ada, 26 perusahaan dipilih untuk menjadi bagian dari penelitian ini. Metode analisis jalur digunakan untuk menguji hipotesis pada tingkat signifikansi 5%. Hasil penelitian menunjukkan bahwa STDTA berpengaruh positif signifikan sebesar 0,068 terhadap nilai intrinsik perusahaan. Hal ini berarti bahwa kenaikan satu kali hutang jangka pendek dibandingkan dengan total aset akan meningkatkan nilai intrinsik sebesar 6,8%. Nilai fundamental perusahaan naik sebesar 0,05, yang merupakan jumlah yang cukup besar. Di sisi lain, TDTA memiliki efek negatif yang besar yaitu -0,968, yang berarti bahwa kenaikan satu kali dalam total utang dibandingkan dengan total aset akan menurunkan nilai sebesar 96,8%. Terakhir, profitabilitas melalui ROE menunjukkan pengaruh positif yang kuat sebesar 0,773, yang berarti bahwa kenaikan satu kali dalam laba bersih dibandingkan dengan total saham akan meningkatkan nilai sebesar 77,3%.
Kata kunci: Hutang Jangka Pendek Terhadap Total Aset, Hutang Jangka Panjang Terhadap Total Aset, Total Hutang Terhadap Total Aset, Return On Equity, Arus Kas Bebas Terhadap Ekuitas dan Nilai Intrinsik Perusahaan.

1. Introduction

The intrinsic value of a corporation denotes its assessed true worth, encompassing its capacity to produce future earnings. This value encompasses not just the price of the company's assets but also signifies the company's worth as a corporate entity. Prospective investors typically employ fundamental analysis to evaluate a company's intrinsic worth (Putri et al., 2022). This research enables investors to juxtapose intrinsic value with market value, facilitating more precise investment decisions, particularly in assessing the company's future potential. Government Regulation No. 29 of 1999 and PBI No. 14/8/PBI/2012 facilitated several investment opportunities in Indonesia's banking sector, hence attracting foreign investors. To mitigate future risks, prospective investors must persist in performing a comprehensive analysis of the company in which they intend to invest (Florensi, 2020).

The company's efficacy in managing its invested capital is shown by the Return on Equity (ROE) metric, which demonstrates its capacity to generate profits from shareholder equity. An elevated ROE signifies superior corporate performance, potentially leading to a rise in stock prices for investors (Prasetyo et al., 2020). Along with ROE, capital structure is a key factor in figuring out how much a company is worth. A smart mix of loan and equity financing can make a business more valuable (Hutasoit et al., 2019). Using debt can increase a company's value by giving it tax breaks, but if it's not handled well, high interest costs can hurt the company's finances and turn away investors.

A previous study looked at how capital structure and success affect the value of a business. Several studies show that debt makes a business more valuable. This is also true for profitability; some studies have found a strong link between profitability and business valuation, while others have not. The goal of this study is to look at how earnings and capital structure changed the real value of Indonesian banks from 2017 to 2019. The point of this study is to look into why the results aren't always stable. Return on Equity (ROE) is used to measure how well the business is doing, and Free Cash Flow to Equity (FCFE) is used to measure the value of the business itself. The goal of this strategy is to give a better understanding of the things that affect how much a banking business is worth.

2. Literature Review

People often think that a company is very valuable if it has a strong reputation, good financial success, and what they see as bright growth prospects in the future. A company's value is a big factor in how well it does and how successful it is. A company's value can mean different things to different people, but financial measures like Tobin's Q ratio, which compares a company's market value to the cost of replacing its assets, are often used to figure it out (Siallagan & Manengkey, 2022). A company's valuation is affected by important factors such as its revenue, liquidity, and capital structure. According to Meliza et al. (2024), the factors affect how investors think and what they choose to spend in. Consequently, comprehending these elements is important (Khasbulloh et al., 2023). So, studying a company's finances, like its capital structure and revenue, is very important for figuring out how much it's worth.

Capital structure, according to Pustita and Ruhamak (2020), is the collection of cash from different sources that is used to pay for assets and business activities. This has an effect on the company's value and how well it does financially. The capital structure of a company tells investors how stable its finances are, which in turn affects the investments they make. A study by Riyana et al. (2024) found that capital structure is very important for helping a business grow, especially for businesses that are growing quickly and need to borrow money to do so. There are two kinds of debt: long-term debt and short-term debt. A company needs short-term debt to make sure it has the financial freedom it needs to run its day-to-day business. Managing short-term debt well can help a company do better and increase its value (Rahman et al., 2019). This is important for businesses that are good at handling short-term loans, especially those that work in fields that need a lot of cash (Pratiwi, 2020). So, if short-term debt is handled correctly, it can raise the value of a company.

Conversely, long-term debt furnishes capital to facilitate expenditures in initiatives that may enhance corporate expansion and profitability. The research conducted by Lule and Pangalila (2021) concluded that long-term debt enhances corporate performance, as evidenced by Return on Assets (ROA), which subsequently improves operational efficiency. Consequently, the company's value escalates accordingly. Moreover, factors like profitability can mitigate the effects of long-term debt on firm valuation; this indicates that prudent debt management can enhance business success and draw investors (Puspita & Ruhamak, 2020).

Another thing that affects a company's value is its total debt, which includes both short-term and long-term debts. According to Manda and Sembiring (2022), the amount of debt a company has affects its value. This is especially true for Indonesian businesses that are owned by the government. The research by Wahyuni and Gani (2022) shows that having too much debt can increase financial risk and lower the value of the business. This shows how important smart debt management is for lowering risk and increasing the value of a company.

According to T and Subagio (2024), one of the most important things that determines a company's value is its profitability, which is its ability to make money from sales, asset management, and capital projects within a certain timeframe. High income means good management, which makes the lab work well (Cahyanto & Priono, 20246). Strong profitability builds trust in the market and attracts investment.

This study is mostly about banks that were traded on the Indonesia Stock Exchange between 2017 and 2019. This study goes against well-known theories and real-world facts. In terms of capital structure, which includes short-term debt, long-term debt, and overall debt, the study looks at the link between profitability and company value. Based on the following mental frameworks, the study framework was carefully put together to help people better understand the factors that affect the value of a company:

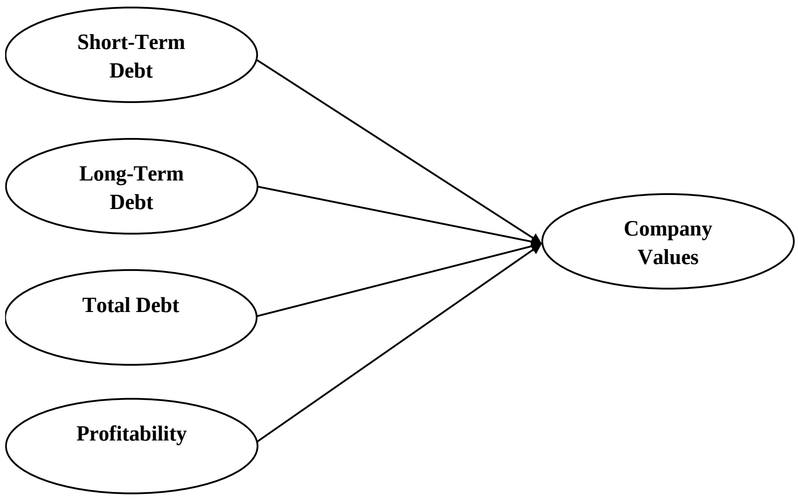

Figure 1. Conceptual Framework

3. Methodology

This study primarily employs a quantitative approach, concentrating on the collection, analysis, and interpretation of numerical data (Sudaryono, 2023). This method aims to examine the relationships among variables, establish an impartial representation, and offer an elucidation of the phenomenon under investigation using quantifiable and precise data. This strategy enables research to yield verifiable results, establishing a robust foundation for decision-making. Descriptive research is a study methodology that seeks to comprehensively characterize and elucidate a certain phenomenon, object, or population utilizing existing data. This strategy is employed to meticulously delineate the study subject based on empirical evidence. The acquired data is evaluated to comprehend the interrelations among pertinent trends, patterns, and factors. This research not only elucidates the information comprehensively but also presents a perspective that enhances our understanding of more intricate events. The study's results should help us understand the connection between the factors we looked at and how they affect making policies or strategies in relevant areas, both in a theoretical and a real sense.

All banking companies that were listed on the Indonesia Stock Exchange (IDX) in 2019 are part of this study's group. The following factors were used to figure out who the target audience is:

1. Companies in the banking sector that were listed on the IDX in 2019 and have submitted audited annual financial statements to the IDX.
2. Companies in the banking sector that have complete relevant financial statements to support this study and record net profit attributable to the parent entity.
3. Companies with complete data related to the variables used in this study.

Based on the population criteria that have been set, the number of companies that meet these requirements is:

Table 1. Number of companies that meet the criteria

No.	Criterion	Sum
1	Companies engaged in the banking sector that are listed on the Indonesia Stock Exchange and issue audited financial statements	43
2	Companies engaged in the banking sector that do not have positive operating profits	15
3.	Companies engaged in the banking sector listed on the Indonesia Stock Exchange that do not have complete financial statements	2
	Number of companies that meet the criteria	26

The Indonesia Stock Exchange (IDX) provided secondary data that was used in this study. Descriptive statistical analysis, classical assumption testing, and influence assessment are integral components of the comprehensive data analysis process. The objective of these procedures is to assess the links and effects among the examined variables and to guarantee the quality and reliability of the data. Data processing is conducted using the SPSS statistical software, recognized for its high analytical quality.

Initially, descriptive statistical analysis is employed to characterize the data's properties. This study computed the mean, standard deviation, lowest and maximum values, and frequency distribution. This analysis can identify patterns and trends in the data. It also ascertains the readiness of the data for subsequent analysis. Additionally, standard assumption tests are conducted to verify that the data satisfy the fundamental prerequisites for regression analysis. The Kolmogorov-Smirnov method was used to check if the data distribution was normal. According to Sudaryono (2023), the input is thought to be significant and the premise of normality is met.

Multicollinearity tests are employed to verify the absence of significant linear relationships among independent variables. The Inflation Factor Tolerance and Variation (VIF) serves as an indicator; low tolerance and high VIF suggest probable multicollinearity. Furthermore, heteroscedasticity tests are conducted to verify that the overall residual variance aligns with the values of the independent variables. This assessment encompasses the Glejser test and pattern analysis of the scatterplot. If no discernible pattern is identified or the findings of the Glejser test are inconsequential, the assumption of homoscedasticity is satisfied.

Influence testing looks at how independent and dependent factors affect each other. Two regression models, called Regression Model 1 and Regression Model 2, are used in this study. The simultaneous test (Test F) assesses the overall impact of independent factors on dependent variables, while the partial test (Test t) evaluates the effect of each independent variable individually. Importance. This research seeks to generate valid and pertinent outcomes that establish a theoretical and practical framework.

4. Result

In data analysis, descriptive statistics are used to describe the traits of the factors being studied. The study looked at five things: (1) the ratio of short-term debt to total assets (STDTA); (2) the ratio of long-term debt to total assets (LTDTA); (3) the ratio of total debt to total assets (TDTA); and (4) the profits. In addition, there is a single dependent variable, which is the company's fundamental value.

Table 2. Descriptive Statistics of Research Variables

Variable	Parameter				
	Average	Standard Junction	Minimum	Maximum	Lots of Data
STDTA	.686001	.1606173	.1842	.9291	78
LTDTA	.148041	.1660294	.0047	.5654	78
TDTA	.834046	.0568135	.6145	.9365	78
Profitability	.082181	.0488179	.0011	.1775	78
Intrinsic Value	.181413	.0671352	.0533	.4123	78

Classical assumption tests are also done to make sure the model is correct. The data normality test is one of them. It is done on the standard residual that is found in multiple linear regression analysis. The following are the outcomes of the Kolmogorov-Smirnov One-Sample Test:

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			78
Normal Parameters[a,b]	Mean		.0000000
	Std. Deviation		.03226241
Most Extreme Differences	Absolute		.161
	Positive		.161
	Negative		-.078
Test Statistic			.161
Asymp. Sig. (2-tailed)[c]			.060
Monte Carlo Sig. (2-tailed)[d]	Sig.		.057
	99% Confidence Interval	Lower Bound	.055
		Upper Bound	.060

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

From 78 samples were used for the Kolmogorov-Smirnov One Sample Test. It was found that the value of Asymp. Sig. (2-tailed) is 0.06, which is greater than 0.05. So, there isn't enough proof to show that the idea of data normality is wrong. We can say that the data used in this study follow the normal distribution because of this. This finding backs up the use of parametric statistical methods for further data analysis.

A multicollinearity test was also done to find out the value of the variable inflation factor (VIF) and the level of tolerance for each independent variable. It turns out that the range value is more than 0.1 and the VIF value for all variables is less than 10. There is no multicollinearity between the independent factors, so this means that the multicollinearity assumption is met.

Table 3. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	STDTA	.963	1.038
	LTDTA	.931	1.531
	TDTA	.942	1.061
	Profitabilitas	.926	1.080

The heteroscedasticity test was also done using a scatterplot graph, which showed the relationship between the dependent variable's value (ZPRED) and its residue value (SRESID). The results show that the points are not spread out in a clear order, and the dots are spread out evenly. That is, the model doesn't show heteroscedasticity. This means that the test conditions were met.

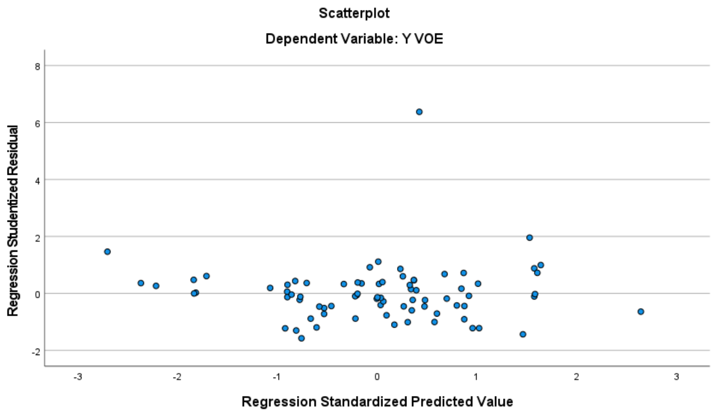

Figure 1. Scatterplot Chart Heteroscedasticity Test

It was also checked with the Glejser test to see if the regression model showed any signs of heteroscedasticity. If the significance value is greater than 0.05, there are no signs of heteroscedasticity in the model. If the significance value is less than 0.05, there are signs of heteroscedasticity in the model. All the factors in Figure 2 have significance levels above 0.05, which means that the regression model does not show any signs of heteroscedasticity.

Figure 2. Glejser Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.125	.024		5.229	.000
	V2	-.038	.033	-.193	-1.146	.255
	V3	-.034	.028	-.203	-1.213	.229
	V4	-.071	.039	-.263	-1.842	.070
	V5	.077	.039	.265	1.974	.052

a. Dependent Variable: Abs_RES

At the end of the study, the test of influence between variables was done. Based on the processed data, the following shows how the independent factors affect the dependent variables:

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	.267	4	.089	82.145	.000[b]
Residual	.080	74	.001		
Total	.347	77			

a. Dependent Variable: Nilai Intrinsik

b. *Predictors:* (*Constant*), Profitabilitas, STDTA, LDTA, LTDTA

It was found that the Sig-F number was less than 0.05, which was 0.000. This shows that STDTA, LTDTA, TDTA, and profitability are all separate factors that, when combined, have a big effect on the Intrinsic Value of the Company. This means that changes in the Company's Intrinsic Value are greatly affected by these four factors taken together. In the next table, you can see how much each independent variable affects the dependent variable. Each variable also shows how it changes the company's true value based on the data processing results. This part of the research is very important for understanding how each independent variable impacts the bound variable in this study. The following table shows this:

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.878	.057		15.545	.000
	STDTA	.068	.024	.163	2.869	.005
	LTDTA	.053	.021	.157	3.514	.003
	TDTA	-.968	.068	-.819	-14.233	.000
	Profitabilitas	.773	.080	.562	9.680	.000

Based on the analysis of the data, it was discovered that STDTA has a strong positive effect on the Intrinsic Value of the Company, with an influence coefficient of 0.068. In other words, if short-term debt goes up by one time, or 100% of total assets, the company's intrinsic value will go up by 0.068 times, or 6.8% of total assets. With an influence coefficient of 0.053, LTDTA also had a significant good effect on the intrinsic value of the company. If the company's long-term debt goes up by one time, or 100% of its assets, its intrinsic value will go up by 0.053 times, or 5.3% of its assets. However, TDTA has a strong negative effect on the intrinsic value of the company, with an influence coefficient of -0.968. If the total debt goes up by one time, or 100% of the total assets, the company's intrinsic value will go down by 0.968 times, or 96.8% of the total assets. Last but not least, a company's intrinsic value is strongly affected by its profitability. With an influence coefficient of 0.773, this means that if profits go up by one time, or 100% of total equity, the intrinsic value will go up by 0.773 times, or 77.3% of total assets. We can say that the data processing results support the research hypothesis based on these findings.

Hypothesis	Statement	Result		Conclusion
		Coefficient of Influence	Significant Value	
H1	STDTA has a significant effect on the Company's Intrinsic Value	0.068	0.005	Accepted
H2	LTDTA has a significant effect on the Company's Intrinsic Value	0.053	0.003	Accepted
H3	TDTA has a significant effect on the Company's Intrinsic Value	-0.968	0.000	Accepted
H4	Profitability has a positive and significant effect on the Company's Intrinsic Value	0.773	0.000	Accepted
H5	STDTA, LTDTA, TDTA, and Profitability simultaneously have a significant effect on the Company's Intrinsic Value	Nilai R^2= 0.769	0.000	Accepted

Discussion

We want to find out if the capital structure, especially short-term debt, changes the value of a company by testing the first hypothesis of this study. With a significance level of 0.005 (<0.05), the data showed that STDTA had a positive effect on the company's intrinsic value of 0.068. So, it seems that a business's value can go up if it takes on more short-term debt. As an important part of a company's capital structure, short-term debt gives the company the financial freedom it needs to handle day-to-day tasks like paying employees, buying supplies, and more. This tells us how much the company is worth. Additionally, short-term debt allows companies to capitalize on business opportunities that arise quickly without relying on long-term funding, which typically requires more time and complex procedures. Studies have already shown that using debt, even short-term debt, can help a business do better, which in turn makes the business more valuable (Rahman et al., 2019). This is because the company can use its resources well because it has good financial management. Furthermore, Pratiwi's research (2020) shows that companies that are able to effectively manage short-term debt can improve financial performance as well as company value, especially in industries that require high liquidity. Companies in this sector often face an urgent need to meet market demands, so short-term debt management is a key factor in maintaining operational stability and sustainability. In addition, Pratiwi's research (2020) also highlights the importance of wise short-term debt management to minimize financial risks. Suboptimal debt management can trigger liquidity problems, which in turn can hinder the smooth operation of the company. Effective short-term debt management, on the other hand, not only helps the business keep running, but it also gives it an edge in the market. Therefore, this study's results make it more likely that good short-term debt management can be a powerful way to boost a company's value and success. Other study has also found a link between good short-term debt management and higher company value. These results support that link. I think this makes the case stronger that how a company handles its short-term debt can make or break its ability to reach its financial goals.

So the second idea of this study is to find out how the capital structure, especially long-term debt, changes the company's true value. The findings indicate that LTDTA has a positive effect on the company's fundamental value of 0.053 and is significant at the 0.003 level (less than 0.05). With this information, we can say that a rise in long-term debt will have an effect on the business's real value going up. Businesses can use long-term debt as a strategic source of funding to support long-term investments in terms of business expansion, manufacturing new products, or building production facilities. This funding provides companies with the opportunity to undertake projects that can improve their growth and profitability in the future. According to Lule and Pangalila's study from 2021, there was a link between how well a business did and its long-term debt level. Return on Assets (ROA) is used to figure out this loan ratio. The results show that using long-term debt wisely can make operations run more smoothly and increase the value of the business. Another study by Puspita and Ruhamak (2020) found that businesses can be worth more if they handle their long-term debt well. They said that companies can use financial leverage better when they have the right amount of long-term debt in their capital structure. This makes them more competitive in the market. These results show that the choices managers make about long-term debt have a direct effect on the value of the company's shares and its ability to pay its bills. The study also found that there isn't a straight line between long-term debt and business value. It's more likely that variables like profitability will play a part. For example, companies that make a lot of money are better at handling the interest costs of long-term debt, which lowers the financial risks that come up. Long-term debt can be linked to the value of the company through its ability to make money. Studies have shown that when a business does well financially, it's easier to get investors and boost market trust, both of which raise the value of the business. Studies done in the past back up this research theory.

The third idea of this study is to find out what happens to a company's value when it has a lot of debt. The numbers showed that TDTA had a negative effect of 0.968, and the significance level was 0.000 (<0.05), which means that there was a strong link. This means that as the debt keeps going up, the business will lose value. Some of the things that were looked at to see how they affect the value of a company were its overall debt, which includes both short-term and long-term debt. The amount of debt a company has shows how much it relies on borrowed money, which can be good or bad based on how well it is managed. Studies in the past have focused on the link between a company's overall debt and its value. In the case of Manda and Sembiring (2022), debt has an impact on the worth of businesses, notably SOEs in Indonesia. To increase the attractiveness of companies in the eyes of investors, this study emphasizes the importance of optimal debt management. In situations like these, using debt wisely can help businesses take advantage of opportunities and run their business efficiently. However, research does not support the idea that debt always has a positive effect. Greater financial risks, such as increased interest expenses, the possibility of default, and a decline in investor confidence, can arise from an excessively high debt ratio, according to research by Wahyuni and Gani (2022). If a company has high debt but does not have adequate profitability, this can reduce its liquidity and affect the market's perception of its value. The results show that having too much debt hurts the value of a business. This means that having too much debt comes with risks. When a company relies too much on debt, the capital structure can become unbalanced. This means that the benefits of borrowing money are not balanced with the risks. This condition not only makes it harder for the business to meet its financial obligations, but it could also make stakeholders less confident in the long-term viability of its operations. So, the study's results back the idea that a company should only take on so much debt to help it do well. When a company's overall debt goes beyond what can be easily managed, bad things start to happen, like a higher chance of bankruptcy and a drop in the value of the business. To keep the company's value stable and reduce the negative effects as little as possible, it is important to manage debt carefully and have a balanced capital structure plan.

Additionally, the fourth idea of this study is to find out how a company's profitability changes its true value. Profitability and results were found to be significantly linked, with a positive impact of 0.773 and a significance level of 0.000 (<0.05). This shows that making a business more profitable can help it be worth more on its own. Ahyanto and Priono (2024) say that profitability is a key indicator of how well a company uses its resources and cash to make money. Previous study by Ludianingsih et al. (2022) found a strong link between the value of a company and its ability to make money. The high level of profitability shows that the company can regularly make money, which gives investors more confidence and shows that the company is stable and has good growth prospects for the future. Ahyanto and Priono (2024) say that investors tend to value companies more highly when they have high levels of profitability because they show better capital management and a higher possible return on investment. There are many ways that this study strongly supports the idea that a company's value goes up when it makes a lot of money. Profitability shows two things. First, it shows that the business can consistently bring in cash, which investors and owners really like. Second, a high level of profitability shows how well the management of assets and cash adds value. A business that is highly profitable also has less financial risk and is better prepared to deal with economic problems like rising costs of doing business or changes in the market. Because of this, a positive link between profitability and company value means that businesses that make a lot of money tend to be worth more.

What we want to find out by testing the fifth hypothesis is whether short-term debt to total assets, long-term debt to total assets, overall debt to total assets, and profits change a company's true value. The study's findings indicate that the four separate factors have a big effect on the real value of the business when they work together. The adjusted R2 value of 0.769 from the determination coefficient test shows that the independent variables can explain 76.90% of the difference in the dependent variables. 23.10% of the variation was caused by things outside the study model.

5. Conclusion

The study looks into the effect of capital structure, which is found by comparing the amount of debt to the total assets. This percentage shows the total amount of debt (TDTA), short-term debt (STDTA), and long-term debt (LTDTA). The study also looks at how profitable the company is, which is shown by the measure of Return on Equity (ROE) to its true value. The net present value of the fr projection is used to figure out the fundamental value. The data show that STDTA, LTDTA, and profitability all have a positive and significant effect on the company's value.

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