

ABSTRACT

Company value has important meaning for investors because it reflects how valuable an investment in the company is. For investors, company value describes the extent to which their investments can generate profits.

Company value can be influenced by several factors, namely profitability, free cash flow and investment opportunity set. So, this research aims to find out how profitability, free cash flow and investment opportunity set influence the company value of pharmaceutical companies listed on the Indonesia Stock Exchange for the 2018-2022 period.

The population in this study was pharmaceutical companies listed on the Indonesia Stock Exchange (BEI) in 2018-2022. The sampling technique used was purposive sampling and 6 companies were obtained in the 5 year research period, resulting in a total of 30 research samples. Testing in this research uses descriptive statistical tests with panel data regression analysis methods.

The research results show that profitability, free cash flow and investment opportunity set simultaneously influence earnings management. Partially, profitability and free cash flow have a negative effect on company value, while investment opportunity set has an effect on company value.

The suggestions obtained in this research are divided into three, namely, for further research it is recommended to add variables that are thought to be factors determining company value, use other companies as research objects and increase the research period. For companies, it is recommended to pay more attention to free cash flow and investment opportunity set so that companies can attract investors to invest their capital in the company. For investors, it is hoped that the results of this research will provide additional information for potential investors in considering factors that can increase company value.

Keywords: *company value, free cash flow, investment opportunity set, profitability*