

## **ABSTRACT**

*Capital structure is a balance between the use of its own capital and debt, which means how many equity and debt that will be used to produce an optimal capital structure. Many factors that affect the company's capital structure, this study will examine the profitability's factor which proxied by Return on Assets and asset structure proxied by Fixed Assets Ratio to capital structure which proxied by Debt to Assets Ratio. The purpose of research is to examine the effect of profitability and asset structure to the company's capital structure in the manufactur's sub-sector, automotive and components in 2009-2013.*

*This study is a causality descriptive verification study. This study population was automotive and components of the manufactur's sub-sectors in 2009-2013. By using purposive sampling, the total chosen sample is 7 companies. The data that is used in this research is secondary data. Analysis data using multiple regression test, preceded by normality test, multicollinearity, autocorrelation and heteroscedasticity test of classic assumption.*

*The results showed that simultaneous profitability and asset structure affect the capital structure, which gained 0,000 probability value less than 0.05. And simultaneously contributing independent variables ( $R^2$ ) of 37.1%, while the rest is explained by the variable capital structure or other causes beyond the model. Based on the partial test of profitability has a negative effect on the capital structure, while the asset structure have a positive effect on the capital structure.*

*Keywords: Profitability, Asset Structure and Capital Structure.*