

Abstract

The rapidly growing telecommunication industry has a tremendous impact on Indonesia's economic growth as the telecommunications industry becomes the driving infrastructure of all sectors ranging from the telecom industry itself to encouraging other sectors. This study aims to see and know the effect of debt and capital on profitability on telecommunications companies listed on the BEI in the period 2012-2016. The variable X1 (debt) uses the total natural logarithm of debt indicator and the X2 variable (capital) uses the total natural logarithmic capital indicator. While variable Y (Profitability) use indicator Return On Equity. Population in this research is all telecommunication company listed in BEI. Sample selection technique taken is purposive sampling and obtained 4 companies with the research period in 2012-2016. Data analysis method is panel data regression analysis using Eviews 9 software.

The results showed that simultaneously variable debt and capital have significant effect on profitability. Partially, the variable of debt has no significant effect on profitability. While the variable of capital have significant effect to profitability. Based on the results of this study, if investors will invest in telecommunications companies should choose companies that have high capital because the company has a high profitability ratio (ROE) as well.

Keywords: *capital, debt, profitability, ROE, telecommunication*