ABSTRACT

Profit growth describes the ability of the company to increase profits obtained in a period compare to the previous period. Profit growth is also one of the informastion needed by investors to see the performance of a company to generate how much profit or revenue could attract investor's attention to invest in a company.

This study aims to test the financial ratio consisting of Debt to Equity Ratio, Current Ratio, and Net Profit Margin toward profit growth of food and beverages manufacturing companies listed in Indonesia Stock Exchange (BEI) in 2014-2017.

Population of this study is 23 companies. Sampling technique used is purposive sampling. The sample of this research as many as 16 companies that meet the criteria. This study using secondary data sources in the form of annual financial report document in foods and beverage listed in the Indonesia Stock Exchange (IDX) period 2014-2017. Data analysis methods in this research is panel data regression method using Eviews 9.0 program.

Based on the test result, DER, CR, and NPM variables simultaneously have a significant effect on profit growth. Partially, DER and CR variables has no significant effect on profit growth. Meanwhile NPM variables has a positive significant on profit growth.

Based on the result of the study, it can be concluded that the Net Profit Margin is the most appropriate ratio to measure the rate of profit growth in the food and beverage subsectors companies. Because by looking at the profits obtained, it can increase the growth rate of company profits in the next period.

Keyword: Debt to Equity Ratio, Current Ratio, Net Profit Margin, and Profit Growth.