

ABSTRACT

Volatile economic conditions and various geopolitical events in the year 2016-2017 resulted in increased uncertainty and risk. Therefore, the company conducts various corporate actions to maintain its business process, one of them is an acquisition.

The purpose of this research is to analyse the effect of the acquisition on the acquirer's financial performance by comparing the financial ratio before and after the acquisition. The financial ratios to be researched are asset turnover ratio, current ratio, net profit margin, debt ratio, and average stock return on non-financial acquirer companies which did the acquisition in the year 2016-2017.

The sampling technique used in this research is purposive sampling, where 16 samples were then analysed using the comparative test method, paired sample t-test. The results of this study were found that there were no significant differences in asset turnover ratio, current ratio, net profit margin, debt ratio and average stock return of the acquirer company in a year before and after the acquisition.

Keyword: *Acquisition, average stock return, financial performance, comparative test, paired sample t-test.*