

ABSTRACT

Profitability is a ratio that is used to determine the company's capacity to profit from sales, assets, and equity based on several measurement motives. Profitability is used as a benchmark for investors to assess the performance of the company. Through profitability, investors will determine their choice to invest in the company.

This study aims to determine the effect of liquidity, capital, and audit committee on profitability in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange in 2016-2020.

This study uses quantitative methods, the data used are secondary data obtained from financial reports. The population in this study is the Pharmaceutical Sub-Sector listed on the Indonesia Stock Exchange. The data was processed using purposive sampling technique and obtained 9 companies for 5 years. The method of analysis used in this study is panel data regression analysis.

The results of this study indicate that liquidity, capital structure and audit committee have a simultaneous effect on profitability. Partially, capital structure has a positive effect on profitability. Meanwhile, the liquidity and audit committee has no significant effect on profitability.

Based on the results of the study, further researchers are advised to examine other independent variables that can affect profitability such as working capital, credit risk, and other independent variables. Companies that want to increase profitability are advised to increase their capital structure. Investors should invest in companies that have a high capital structure so it will increase profitability.

Keywords: *Audit Committee, Liquidity, Profitability, Capital Structure*