THE EFFECT OF RETURN ON EQUITY, DEBT TO EQUITY RATIO, AND CURRENT RATIO ON COMPANY VALUE IN PHARMACEUTICAL SUB-SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2020-2023 PERIOD

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ABSTRACT

Company Value is one of the important things when choosing an investment plan in the capital market. One approach to determine the high or low of shares or the assessment of a share is by looking at the Price to Book Value of the company. The higher the Price to Book Value ratio, it can be interpreted that the company is more successful in creating value for shareholders. This study aims to test The Effect of Return on Equity, Debt to Equity Ratio, and Current Ratio Factors on Company Value. The population in this study were all pharmaceutical companies listed on the Indonesia Stock Exchange for the period 2020-2023. The sampling technique used purposive sampling and 8 companies were obtained as research samples. The analysis technique used in this study was multiple linear regression analysis using SPSS where the data had previously been tested using classical assumption tests such as normality, multicollinearity, heteroscedasticity and autocorrelation tests. The results of this study indicate that Return on Equity, Debt to Equity Ratio, and Current Ratio together have a significant effect on Company Value with an R Square of 60.9%. While individually, Return on Equity has a negative and insignificant effect on Company Value, while Debt to Equity Ratio and Current Ratio have a positive and significant effect on Company Value.

Keywords: *Return On Equity, Debt To Equity Ratio, Current Ratio, Price To Book Value*

INTRODUCTION

Many internal and external factors of the company affect different stock prices. Financial ratios, financial performance, and other factors are internal factors of the company. In addition, from outside sources, such as microeconomic information, political conditions, and market conditions, Investors should understand which stocks will provide the best returns for their funds before investing in the shares of a particular company. We can make decisions to invest in companies by looking at various information about financial performance, activity governance, macro and microeconomic conditions, and other relevant information to absorb the validity of stocks (Maynanda, A., et al., 2024).

Knowing the value price of a company is one of the important things when choosing an investment plan in the capital market. The formation of stock prices in the market is measured using company value, which is a conscious and planned assessment by the public of the company's real performance (Khakim & Yudiantoro, 2022), it can help investors to know which stocks are growing and owning in the future and which are cheap or worth buying. To predict the value of the stock price in the future, it can be seen through the Fundamental factor of the company itself. One approach to determine the height or valuation of a stock is to look at the Price to book Value (PBV) value of the company.

One of the benchmarks in a company is profitability. Profitability in a company

indicates the company's ability to generate profits for a certain period (Margaretha et al; 2020). In measuring profitability ratio, Return on Equity (ROE) can be used, which measures the company's ability to use its total assets to generate profits. The value of Return on Equity is obtained by dividing the Earning After tax (EAT) by the total equity. ROE is a comparison of a bank's profit with the ROE of its own capital (Ferdian, 2014). A high value of Return on Equity indicates success for the company because the high rate of return or return can make investors interested in investing their capital in the form of shares which results in an increase in demand for these shares and followed by an increase in stock prices. Investors will assess the company's ability based on its capacity to generate profits. With the amount of profit generated, the more valuable a company is in the eyes of investors (Simbolon & Sudjiman, 2020). Return on Equity analyzes how well a company will utilize its existing resources to obtain net income. The Return on Equity indicator is very important to ensure the level of investor speculation for a company to be able to receive profits and the ability to provide returns as desired (Simbolon & Sudjiman, 2020).

Another factor that can affect the value of a company is Leverage. According to Kasmir (2019:152), the leverage ratio is a ratio used to measure the extent to which a company's assets are financed by debt. Leverage is also used to calculate how far funds are provided by creditors and can also compare the total debt against the overall assets of a company. Investors can also consider investing in a company through a comparison of debt and equity owned by the company. The comparison can be measured using the value of the Debt to Equity Ratio. Debt to Equity Ratio is a ratio used to assess debt to equity (Kasmir, 2019:159). Each company has a different level of Debt to Equity Ratio (DER) value, as each company has different company characteristics and cash flow. According to Gitman and Zutter (2015), the larger the debt used by the company, the greater the fixed costs or interest incurred, so that the greater the risk to the expected return. This means that the increasing use of debt indicates a higher risk for investors or shareholders due to the uncertainty of the company that can pay the principal and expenses arising from the use of debt. Size. The risk and uncertainty of the return can cause a decrease in demand for the stock price followed by a weakening of the stock price and a decline in the value of the company.

In addition to the above factors, the company's value can also be seen from the level of liquidity of the company in its ability to meet its short-term obligations. According to Hanafi (2019:75), the liquidity ratio is a ratio to measure how capable the company's short-term liquidity level is and see if the company's current assets are relative to its current debt. According to Kasmir (2019:129-130) Liquidity has a function to be able to show how capable a company is in fulfilling its short-term obligations that have matured. This means that companies that can fulfill their obligations that have matured or pay off their short-term debts will be able to be a special attraction for investors as well as gain the trust of creditors. Investors will be happy if the company is liquid, this is a sign of small financial problems in a company. Creditors will have confidence that the company will be able to meet or pay off its short-term debts at maturity. According to Harahap (2011:164), for a company, a high Current Ratio (CR) indicates liquidity but can also be said to indicate an inefficient use of cash and short-term assets. This ratio indicates the company's ability to meet its short-term obligations. A company that is able to pay debt is not necessarily able to meet all financial obligations that must be met. The Current Ratio (CR) indicates the extent to which current assets cover current liabilities. The greater the ratio of current assets to current debt, the higher the company's ability to cover its short-term

liabilities. To measure the value of a company there are several ratios that can be used, one alternative that can be used is to use Tobin's Q. This ratio was developed by Tobin (1967) and is considered to provide the best information, because this ratio can explain various phenomena in the company's activities such as the occurrence of cross-sectional differences in investment decision-making and diversification, the relationship between management shareholding and the value of the company, the relationship between management performance and profits in acquisition and funding policies, dividends and compensation (Sukamulja, 2004).

From this background presentation, it is very interesting for the author to conduct research on how much the Retrun on Equity and Current Ratio affect Company Value represented by Price to book Value (PBV), so in this study it takes a case of SUB Pharmaceutical Sector companies that went public from 2020 to 2023.

METHODOLOGY

The type of research used in this study is a type of quantitative research, where quantitative research is a type of research based on the philosophy of positivism. The purpose of testing the hypothesis is set and functions to research a population with a certain sample, and uses research instruments for data collection. Which is statistical. (Sugiyono, 2022). The object of this research is a pharmaceutical company listed on the Indonesia Stock Exchange. The author's reason for choosing a Pharmaceutical Sub-Sector company as the object of research this time. Because based on companies, the Pharmaceutical Sub Sector is the largest industrial group in Southeast Asia and the Valuation of Stock Prices in Pharmaceutical Sub-Sector Companies is experiencing a trend that is always increasing from year to year which will affect profitability and liquidity.

Result and Discussion

.Deskripsi Return On Equity (X1)

$$\text{ROE} = \frac{Net\ Profit}{Total\ Equity}$$

Return on Equity is part of the profitability ratio by comparing or dividing between Earning After Tar and the total equity used by the company. This means that this ratio measures how much effectiveness it is when using its own capital to make a profit. The high value of this ratio indicates the increasing efficiency level of the company. The following is presented descriptive statistical data on Return on Equity in Pharmaceutical Sub-Sector companies listed on the Indonesia Stock Exchange:

Table 1: Descriptive Statistical Data of Debt to Equity Ratio in Pharmaceutical Sub-Sector Companies Listed on the IDX in 2020-2023.

Company Code	Return On Equity (ROE) %				
	2020	**2021**	**2022**	**2023**	
DVLA	14,53	16,72	16,98	12,22	
INAF	-8,79	-6,59	1,58	6,98	
KAEF	13,21	12,55	0,21	0,29	
KLBF	18,47	17,08	15,97	16,08	**TOTAL**
BRAND	23,51	224,46	13,17	11,74	
PYFA	6,55	7,10	7,49	14,02	
ALSO	18,43	22,87	26,35	28,99	
TSCP	11,62	10,52	10,85	13,78	
MINIMUM	**-8,79**	**-6,59**	**0,21**	**0,29**	**-8,79**
MAXIMUM	**23,51**	**224,46**	**26,35**	**28,99**	**224,46**
AVERAGE	**14,39**	**38,09**	**11,58**	**13,01**	**19,27**
STANDARD DEVIATION	**5,58**	**75,81**	**8,58**	**9,21**	**24,80**

Based on table 2, the total Average value or average Return on Equity of Pharmaceutical companies listed on the IDX in 2020-2023 is 19.27 and the Standard Deviation is 24.80 which is greater than the average value, this condition shows that from year to year the Return on Equity value in the sample Pharmaceutical company has large fluctuations.

Furthermore, the overall value of the Maximum Return on Equity in the pharmaceutical company that is the sample is 224.46%, this shows that every Rp 1 of capital alone can generate a net profit of Rp 2.2446, this achievement was obtained by the Merck Company in 2021, the high achievement is shown from the sale of the Consumer Health Line by PT. Merck to PT. P&G Indonesia with a value of 1.8 billion. Then for the overall Minimum Return on Equity value is -8.79% which shows that each loss of IDR 1 of capital itself can produce a net profit of IDR -0.0879, this loss was experienced by PT Indofarma in 2020 due to declining sales and high selling expenses.

Based on the results of this Descriptive Analysis, it can be concluded that the average Return on Equity of pharmaceutical companies for the 2020-2023 period is 19.27%, which is below the maximum value of Return on Equity that year. The higher the value of this Return on Equity, the more hope and prospects for investors to be able to invest in the company.

Deskripsi Debt To Equity Ratio (X2)

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Debt to Equity Ratio is a leverage ratio that measures the ratio between total debt and total equity, meaning that this Debt to Equity Ratio measures how much debt is used by a company compared to the amount of equity or capital used for its operational activities. The higher the value of the Debt to Equity Ratio, the greater the risk that the company will bear in paying fixed costs, namely the interest on the debt. The following is presented with Descriptive Debt to Equity Ratio Statistics data for Pharmaceutical Sub-Sector companies listed on the Indonesia Stock Exchange:

Table 2: Descriptive Statistical Data of Debt To Equity in Pharmaceutical Sub-Sector Companies Listed on the IDX in 2020 2023.

Company Code	Debt To Equity (DER) %				
	2020	**2021**	**2022**	**2023**	**TOTAL**
DVLA	46,99	40,20	40,11	49,8	
INAF	190,62	190,42	174,08	298,15	
KAEF	140,37	190,63	147,17	147,58	
KLBF	20,50	19,50	22,39	24,64	
BRAND	37,63	143,71	51,69	51,78	
PYFA	46,58	57,29	52,96	45,01	
ALSO	9,06	14,99	15,17	19,49	
TSCP	49,05	47,44	47,06	45,04	
MINIMUM	9,06	14,99	15,17	19,49	9,06
MAXIMUM	190,62	190,63	174,08	298,15	298,15
AVERAGE	67,60	88,02	68,88	85,14	77,41
STANDARD DEVIATION	63,45	74,66	58,75	94,70	72,89

Based on table 3, it can be seen that the total Average or average Debt to Equity Ratio of pharmaceutical companies listed in the 2020-2023 BEl is 77.41% and the standard deviation is 72.89% which is the standard deviation is smaller than the average value, This condition

shows that from year to year the value of the Debt to Equity Ratio in the sample Pharmaceutical company has a fairly small fluctuation. Furthermore, the overall value of the Maximum Debt to Equity Ratio in the pharmaceutical company that is sampled is at PT INDOFARMA in 2023 of 298.15%, this shows that 1 net equity is able to guarantee debt of IDR 2.9815 Reporting from the Tempo.co page, the high value of the Debt to Equity Ratio is due to the high level of debt use used when PT INAF carried out its role in handling the Covid-19 outbreak which had an impact until that year and the existence of problems internal such as unhealthy business practices and poor corporate governance. Then for the overall minimum value of the Debt to Equity Ratio of 9.06%, it occurred at PT SIDO MUNCUL in 2020 which shows that in that year PT SIDO MUNCUL used more of its own capital to fund its operational activities.

Based on the results of this Descriptive Analysis, it can be concluded that the average Debt to Equity Ratio of Pharmaceutical companies for the 2020-2023 period is below 100%, which is 77.41% and below the average maximum value. Because the average value of debt is still below 100%, the use of debt can still be considered reasonable.

4.1.3. Description of Current Ratio (X3)

$$CR = \frac{Current\ Asset}{Current\ liabilitas}$$

Current Ratio is a ratio to measure the activities of a company by comparing current assets with current debt. This means that this ratio measures how much of a company's current assets can be used to meet its current liabilities. The higher this ratio is, the better the company is in fulfilling its short-term obligations, making investors more confident that there are fewer financial problems in the company. The following is presented with Descriptive Current Ratio Statistics data on Pharmaceutical Sub-Sector companies listed on the Indonesia Stock Exchange:

Table 4: Descriptive Current Ratio Statistical Data on Pharmaceutical Sub-Sector Companies Listed on the IDX in 2020-2023.

Company Code	Current Ratio (CR) %				TOTAL
	2020	2021	2022	2023	
DVLA	2,66	2,89	2,91	2,52	
INAF	1,08	1,05	1,88	1,36	TOTAL
KAEF	1,55	1,42	0,99	0,90	
KLBF	4,51	4,66	4,35	4,12	
BRAND	3,52	1,37	2,51	2,55	
PYFA	7,81	2,76	2,53	3,89	
ALSO	7,81	4,20	4,20	3,66	
TSCP	2,52	2,52	2,78	2,96	
MINIMUM	**1,08**	**1,05**	**0,99**	**0,90**	**0,90**
MAXIMUM	**7,81**	**4,66**	**4,35**	**4,12**	**7,81**
AVERAGE	**3,34**	**2,61**	**2,76**	**2,75**	**2,87**
STANDARD DEVIATION	**2,10**	**1,32**	**1,07**	**1,14**	**1,41**
STANDARD DEVIATION	**2,10**	**1,32**	**1,07**	**1,14**	**1,41**

Based on table 4, it can be seen that the total average value of the Current Ratio of pharmaceutical companies listed on the IDX in 2020-2023 is 2.87 and the standard deviation is 1.41 where the standard deviation in the table is smaller than the average value, This condition shows that from year to year the Current Ratio Value in the sample Pharmaceutical company has a fairly small fluctuation.

Furthermore, the overall value of the Maximum Current Ratio in the pharmaceutical company that is sampled is at PT SIDO MUNCUL in 2020 of 7.81%, this shows that every Rp 1 current debt is guaranteed with current assets of 0.0781. Then for the overall Minimum Current Ratio value of 0.90, it occurred at PT KIMIA FARMA in 2023, this shows that in that year this company is less able to fulfill its short-term obligations.

From the results of this descriptive analysis, it can be concluded that the average Current Ratio of pharmaceutical companies for the 2020-2023 period is above 2, which is 2.87%, this indicates that pharmaceutical companies for the 2020-2023 period are able to meet their short-term obligations.

Description of Company Value (Price to Book Value) Y

Price to Book Value is one of the variables to measure the value of a company by comparing the Book Value with the company's stock price that is applicable in the market. The higher this ratio indicates that the company is highly valued by its potential investors because it has succeeded in improving its performance and high returns due to the increase in company value which causes investors' interest in the company to be higher. The following is presented with Descriptive Statistics on Price to Book Value in Pharmaceutical Sub-Sector Companies Listed on the Indonesia Stock Exchange:

Table 5: Descriptive Statistical Data of Price to Book Value in Pharmaceutical Sub-Sector Companies Listed on the IDX in 2020-2023.

Company Code	Price to Book Value (PBV) %				TOTAL
	2020	2021	2022	2023	
DVLA	4,91	4,52	4,83	5,15	
INAF	33,97	31,25	5,34	28,85	
KAEF	5,88	4,68	0,90	3,27	
KLBF	0,59	0,48	0,48	0,40	
BRAND	3,09	2,02	1,10	1,20	
PYFA	0,90	0,76	0,85	3,29	
ALSO	1,41	2,16	3,13	3,79	
TSCP	0,83	0,61	0,57	0,51	
MINIMUM	**0,59**	**0,61**	**0,48**	**0,40**	**0,40**
MAXIMUM	**33,97**	**31,25**	**5,34**	**28,85**	**33,97**
AVERAGE	**6,45**	**5,81**	**2,15**	**5,81**	**5,06**
STANDARD DEVIATION	**11,3**	**10,3**	**2**	**9,47**	**8,26**

Based on table 5, it can be seen that the total average value of Price to Book Value of pharmaceutical companies listed on the Indonesia Stock Exchange in 2020-2023 is 5.06 and the standard deviation is 8.26 which is greater than the average value, this condition shows that from year to year the Price to Book Value in the sample pharmaceutical company has a considerable fluctuation. So it is necessary to conduct further research on what causes these fluctuations. Furthermore, the overall value of the Maximum Price to Book Value in the pharmaceutical company that is sampled is 33.97% in PT INDOFARMA TBK in 2020, this shows that the share price in the market is priced at 33.97 times compared to the net capital or selling price of the company. Then for the overall Minimum Price to Book Value of 0.4 occurring at PT KALBE FARMA in 2023, this shows that the market price is smaller than the actual value.

From the results of this descriptive analysis, it can be concluded that the average Price to Book Value of pharmaceutical companies for the 2020-2023 period is 5.06 times If the Price to Book Value is equal to one time, it means that the market value is equal to the selling

value. This indicates that the average Price to Book Value of pharmaceutical companies is greater than its selling value, but the average value is very low when compared to the maximum value.

Analysis of the Regresi Linier Berganda

Table 6: Regression Test Results

	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	-6.840	2.640
ROE (X1)	-.030	.027
THE (X2)	.098	.015
CR (X3)	1.902	.753

Based on table 6 in the regression equation is obtained as follows:

$$Y = -6.840 - 0.30\ X1 + 0.98\ X2 + 1.902\ X3 + e$$

From the regression equation obtained above, it can be interpreted

1. The Constant Value of -6,840 can be interpreted as if the value of the Variable Return on Equity, Debt to Equity Ratio, and Current Ratio is considered Constant, then the value of the Company Value is -6,840.
2. The Return on Equity (X) regression coefficient of -0.030 shows that Return on Equity has a negative relationship with the Company's Value. where if the Return on Equity Value increases, it will decrease the value of the Company Value, and vice versa if the Return on Equity Value decreases, the value of the Company Value will increase.
3. The Debt to Equity Ratio (X2) regression coefficient of +0.098 shows that the Debt to Equity Ratio has a positive relationship with the Company's Value, where if the Debt to Equity Ratio increases, the value of the Company's Value will also increase. on the other hand, if the Debt to Equity Ratio falls, the value of the Company Value will also decrease.
4. The regression coefficient of the Current Ratio (X3) of +1.902 shows that the Current Ratio has a positive relationship with the Company Value where if the Current Ratio increases, it will also be followed by an increase in the value of the Company Value, on the other hand, if the Current Ratio decreases, the value of the Company Value will also decrease.

Uji Hypothesis
T Test

The T test generally tests a hypothesis whether each dependent or independent variable has an influence on the dependent variable or bound variable. The results of this T test can be seen in the following table:

Table 7 T Test Results (Partial)

Model		t	Sig.
1	(Constant)	-2.591	.015
	ROE (X1)	-1.097	.282
	THE (X2)	6.442	.000
	CR (X3)	2.526	.017

Based on the results of the T test in table 7, it can be explained as follows:

1. The Return on Equity (X1) variable in the T test has a t-calculated value of -1.097 with a significance value of $0.282 > 0.05$ which means that the Return on Equity has a insignificant effect on the Company's Value.
2. The Debt to Equity Ratio (X2) variable in the T test has a t-calculated value of 6.442 with a significance value of $0.00 < 0.05$ which means that the Debt to Equity Ratio has a significant effect on the Company's Value.
3. The Current Ratio (X3) variable in the T test has a t-calculated value of 2.526 with a significance value of $0.017 < 0.05$ which means that the Current Ratio has a significant effect on the Company's Value.

Simultaneous F Test

The F test generally tests whether all independent or independent variables included in the model together have an influence on the dependent or bound variables. The results of the F test in this study can be seen in the following table:

Table 8: F Test Results (Simultaneous)

Model		F	Sig.
1	Regression	14.534	$.000^a$
	Residual		
	Total		

Based on the results of the F test in table 8, it can be found that the F value is 14.534 with a significance value = 0.000 which indicates that the value of the significance of the research is smaller than the significance value of a = 0.05 so that based on this test, it can be said that the Return on Equity, Debt to Equity Ratio, and Current Ratio together have a significant effect on the Company's Value.

***Coefficient of Determination* Test (R^2)**

In general, the Determination Test (R^2) is a test to measure how much a model is able to explain the variation of its dependent variables. The smaller the R-value indicates that the ability of independent variables to explain their dependent variation is very limited. The results of the Coefficient of Determination or R square test in this study can be seen in the following table:

Table 9: Determination Coefficient (R^2) Test Results

Type	R	R Square	Adjusted Square	Std. Error of the Estimate
1	$.780^a$	.609	.567	5.82550

Based on table 9, it can be seen that the value of R square is 0.609 or 60.9%, this can be interpreted that together the variables Return on Equity, Debt to Equity Ratio, and Current Ratio have an influence of 60.9% on the Company Value, while the remaining 30.1% is influenced by other variables that are not included in this study.

Hypothesis Test Results

First Hypothesis Test (H_1)

H_1: Return On Equity has a Significant Positive Effect on Company Value.

Based on table 6 of the Return on Equity Regression Coefficient in this study is -0.30 and the t-value is calculated as 1.097 with a significance value of 0.282 > 0.05, then H, is rejected or can be interpreted that the Return on Equity has a negative effect that is not significant on the Company's Value.

Second Hypothesis Test (H_2)

H2: Debt to Equity Ratio has a significant negative effect on Company Value.

Based on table 6, the Debt to Equity Ratio regression coefficient in this study is positive 0.98 and the calculated t-value is 6.442 with a significance value of 0.000 < 0.05, H_2 is rejected or it can be interpreted that the Debt to Equity Ratio has a significant effect on the Company's Value with the direction of its relationship is Positive.

Third Hypothesis Test (H3)

H3: Current Ratio has a Significant Positive Effect on Company Value.

Based on table 6, the regression coefficient of the Current Ratio in this study is positive 1.902 and the t-value is calculated as 2.526 with a significance value of 0.017 0.05. Therefore, H3 is proven or can be interpreted that the Current Ratio has a significant positive effect on the Company's Value.

Fourth Hypothesis Test (H4)

H4: Return on Equity, Debt to Equity Ratio, and Current Ratio have a significant effect on Company Value.

Based on table 8, the F value is calculated as 14.534 with a significance value of 0.000 < 0.05. Therefore, H, it is proven or can be interpreted that Return on Equity, Debt to Equity Ratio, and Current Ratio have a significant effect on the Company's Value.

Discussion

Discussion of the First Hypothesis Results

Based on the results of the first hypothesis test in the T test, it was obtained that the Return on Equity had a negative effect not significantly on the Company Value which was measured using the Price to Book Value ratio in Pharmaceutical Sub-Sector Companies. The results of this study are supported by the results of research conducted by Merllizcha and Triyonowati (2024) and Friska (2022) which stated that Return on Equity has a negative effect on the Company's Value.

This condition shows that an increase or decrease in Return On Equity is not always followed by an increase or decrease in the value of the company. In addition, the high and low Return on Equity cannot be used as the only benchmark in making stock investment decisions, but there are other factors that are more sensitive such as, Current Condition Issues related to future prospects and dividend yields. Thus, although the Return on Equity theoretically reflects the company's ability to generate profits from its own capital, in the context of this study the variable does not play a significant role in determining the value of the company.

Discussion of the Results of the second hypothesis

Based on the results of the second Hypothesis Test in the T-test, it was obtained that the Debt to Equity Ratio had a significant positive effect on the Company Value which was measured using the Price to Book Value ratio in Pharmaceutical Sub-Sector Companies. The results of this study are supported by the results of research conducted by Aryani and Laksmiwati (2021) and Anggraini and Yudiantoro (2023) which stated that the Debt to Equity Ratio has a significant positive effect on the Company's Value.

The significant positive relationship between the Debt to Equity Ratio and the Company's Value is in accordance with the signaling theory which states that when the Company uses external funds (debt) to finance its operational activities, investors will see the situation as a positive signal because when the company uses greater debt, it means that investors believe that the company has the ability to increase capacity and pay debts. This relationship is also in line with the Trade Off theory which states that a company can increase its debt while the benefits it gets are greater than the sacrifices that must be paid (Interest Expenses). If these two theories are associated with pharmaceutical companies listed on the Indonesia Stock Exchange in long-term Covid conditions or post-Covid-19 syndrome as it is today, where everyone is very dependent on health-related products, of course, pharmaceuticals such as pharmaceuticals and others, it is a very good momentum to increase operational activities to respond to market needs, Therefore, to improve operations, a greater increase in funding is needed, one of which is by funding through foreign capital (debt) if the capital itself is insufficient (Halim, 2007) so that with the increase in operational activities can also increase the profits of the company which will later get its own attraction for investors to invest more through the purchase of saham which causes an increase in the value of the company.

The condition of the pharmaceutical company can be proven through the Debt to Equity Ratio and Price to book Value data in tables 4.2 and 4.4 by comparing the two Values. Where in 2023 Indofarma Tbk and Kimia Farma Tbk experienced an increase in the Debt to Equity Ratio of 124.07% and 0.41% greater than the previous year, respectively.

The high value of the Debt to Equity Ratio is due to the increase in debt in order to meet the supply of medicines, vitamins, and medical devices related to handling Covid-19. The high Debt to Equity Ratio was also followed by an increase in the Company Value which was measured using the Price to book Value ratio of the two companies, which increased by 23.54 times and 2.37 times respectively from the previous year. This indicates that the increasing debt to pharmaceutical companies followed by an increase in the value of the Debt to Equity Ratio to support its operational activities can significantly affect the increase in the Company's Value.

Discussion of the Third Hypothesis Results

Based on the results of the third hypothesis test in the T-test, it was obtained that the Current Ratio had a significant positive effect on the Company Value as measured using Price to Book Value in Pharmaceutical companies. The results of this study are supported by the results of research conducted by Saminun, et al (2022) and Anggita and Andayani (2022) which stated that the Current Ratio has a significant positive effect on the Company's Value.

The significant positive relationship between the Current Ratio and the Company Value in this study is shown by the average value of the Current Ratio variable which can be seen in table 4.3, which is 2.87 times where the value is a good Current Ratio value, this is in accordance with Kasmir (2019) The Good Standard Current Ratio ranges from 200%-300% or 2-3 times. A good Current Ratio value indicates that the company is able to meet its short-term obligations or pay off its short-term debts that have matured so that the company will gain more trust from creditors to get funding again if needed. Circumstances like this can make investors feel safe and interested in investing, causing demand for stocks which causes stock prices to be higher and followed by high Company Value.

This condition can be proven by looking at the average comparison in general between the Current Ratio and Company Value which is measured using the Price to Book Value of Pharmaceutical Sub-Sector Companies in tables 4.3 and 4.4 where in 2021 the Current Ratio value decreased by 0.73 times from the previous year. This decline was also followed by a decrease in the Price to Book Value which decreased by 0.29 times from the previous year, in addition to that in 2023 the Current Ratio of pharmaceutical companies increased from the previous year by 0.27 times. This increase was also followed by an increase in the Price to Book Value in the same year by 3.66 times from the previous year.

Discussion of the Results of the Fourth Hypothesis

Based on the results of the Fourth Hypothesis Test in the F-test, it was obtained that the Return on Equity, Debt to Equity Ratio, and Current Ratio together have a significant effect on the Company's Value which is measured using the Price to Book Value ratio. Because the significance value is less than 0.05, and based on the results of the R square test, a value of 0.609 or 60.9% is obtained, which means that all independent variables consisting of Return on Equity, Debt to Equity Ratio, and Current Ratio can explain or affect the dependent variable, in this case the Company Value of 60.9% while the remaining 39.1% is influenced by other variables that are not studied in this study.

CONCLUSION

Based on the data analysis that has been carried out to determine the influence of the influence between Return on Equity, Debt to Equity Ratio, and Current Ratio on Company Value, several conclusions can be drawn as follows:

1. Based on the Return on Equity Regression Coefficient in this study, it is negative value 0.30, while in the T - test the t-value is calculated as -1.097 with a significance value of 0.282 > 0.5 which means that H1 is rejected or it can be interpreted that the Return on Equity has a negative effect on the Company Value in Pharmaceutical Sub-sector companies listed on the IDX for the 2020-2023 period.
2. Based on the Debt to Equity Ratio Regression Coefficient in this study is positive 0.98. Meanwhile, in the T-test, the t-value is calculated as 6.442 with a significance value of 0 < 0.5 deg which means that H2 is rejected or can be interpreted that the Debt to Equity Ratio has a significant positive effect on the Company Value in Pharmaceutical Sub-sector companies listed on the IDX for the 2020-2023 period.
3. Based on the Current Ratio Regression Coefficient in this study is positive 1.902. Meanwhile, in the T-test, the t-value is calculated as 2.526 with a significant value with a significance value of 17 < 0.5, then H3 is proven or can be interpreted that the Current Ratio has a significant positive effect on the Company Value in Pharmaceutical Sub-sector companies listed on the IDX for the 2020-2023 period.
4. Based on table 4.7, the F value is calculated as 14.534 with a significance value of 0.00 0.05. H4 is proven or can be interpreted that Return on Equity, Debt to Equity Ratio and Current Ratio together have a significant effect on the Company Value in Pharmaceutical Sub-sector companies listed in the BEl for the 2020-2023 period.

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