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The Effect Of Financial Ratios On Profit Growth In Indonesian Pharmaceutical Subsector Companies Listed on the Indonesia Stock Exchange

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Abstract: This study was conducted to examine the effect of Net Profit Margin (NPM), Debt to Equity Ratio (DER), Total Asset Turnover (TAT), on Profit Growth. This study uses secondary data sourced from the financial reports of Pharmaceutical Companies for the 2019-2021 period obtained from the Indonesia Stock Exchange website. The population of this study was 25 Pharmaceutical Companies. The sampling method used was the purposive sampling method, resulting in 20 sample companies for 3 years of observation (2019-2021) with 60 observation data. The data analysis techniques used were descriptive statistical analysis and multiple regression analysis. The data analysis process carried out first was classical assumption testing, multiple regression analysis, descriptive statistics, and then hypothesis testing. The results of this study partially concluded that Net Profit Margin (X1) and Total Asset Turnover (X2) did not have a significant effect on profit growth. Debt to Equity Ratio (X3) had a partial effect on profit growth (Y). Meanwhile, the three independent variables simultaneously influenced profit growth.
Keywords: Net Profit Margin (NPM), Debt To Equity Ratio (DER), Total Asset Turnover (TAT) and Profit growth.

1. INTRODUCTION

During the Covid-19 pandemic, every company competed to maximize profits, given the difficulty of achieving profits during this pandemic. In 2019, the world was shaken by the Covid-19 outbreak, which spread rapidly throughout the world, including Indonesia. As a result, the world is experiencing a global and socio-economic crisis. The Indonesian government has implemented various efforts and established policies to address Covid-19. One of the preventive measures implemented by the Indonesian government in handling Covid-19 is large-scale social restrictions.

The impact of these restrictions has disrupted various economic activities, and several industrial sectors have suffered losses due to the pandemic, with the exception of the pharmaceutical industry. The COVID-19 pandemic in Indonesia presents opportunities, especially for companies operating in the pharmaceutical sector. The pharmaceutical industry plays a crucial role in addressing the pandemic, particularly in the production and distribution of medicines for COVID-19 treatment. Economically, the pharmaceutical

industry is one of the industrial sectors that has continued to grow during the pandemic. This can impact the growth of profits generated by companies in each period. A company's profit growth reflects the company's success each year. According to Kasmir (2016), profit growth can illustrate a company's performance, particularly its ability to maintain its economic position amidst economic and business sector growth. Profit growth means an increase or decrease in assets and liabilities processed and affects the company's capital (Hamidu, 2013).

Profit growth is a ratio that indicates a company's ability to increase profits compared to previous years (Harahap, 2015). Profit growth is a measure of a company's performance. Therefore, higher profits indicate better company performance. Therefore, if a company's financial ratios are good, then the company's profit growth will also be good. Therefore, financial statement analysis is needed to analyze, estimate profits, and make decisions regarding profit growth that will be achieved for the next period using data or activities from the company (Munawir, 2004).

The tool of financial report analysis is financial ratio, Financial ratio analysis is a financial report that reports the activities that have been carried out by the company in a certain period (Kasmir, 2016). Financial ratios provide information for companies to evaluate the financial performance achieved by management during a certain period for consideration in preparing future plans and estimates. Financial reports according to Indonesian Accounting Standards (PSAK) published by the Indonesian Accounting Association (IAI) "Financial reports are part of a complete financial reporting process that usually includes a balance sheet, income statement, statement of financial position that can be presented in various ways for example, as a cash flow statement, or cash flow statement, notes and other reports and explanatory materials that are an integral part of the financial report ". (Fahmi, 2017) financial ratios are very important for analyzing the company's financial condition. The financial ratios used in this study to calculate the company's profit growth include net profit margin, debt to equity ratio, and total assets turnover.

Net profit margin can be calculated by comparing net profit after tax to net sales. Net profit margin (Sudana, 2011) measures a company's ability to generate net profit from sales. Net profit margin impacts profit growth because a higher net profit margin indicates a higher net profit compared to net sales (Setiawan, 2012). The debt-to-equity ratio measures debt versus equity. High debt levels reduce profits. Therefore, the debt-to-equity ratio impacts profit growth. The activity ratio measures the effectiveness of a company's management in managing its assets.

According to Sudana (2011), total asset turnover (TAT) is a ratio that measures the effectiveness of all assets used to generate sales. Total asset turnover can be calculated by comparing net sales to total assets. A higher total asset turnover is better because all assets are used more efficiently to support sales activities. This indicates improved company performance, which can increase profits.

The companies used in this study are pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. Pharmaceutical sub-sector companies are part of the manufacturing sector within the consumer goods industry. The pharmaceutical industry,

which sells and distributes medicines, benefited during the pandemic. Revenue growth in the Indonesian pharmaceutical industry is estimated to reach 11.4% CAGR, with total drug sales in Indonesia projected to reach IDR 188 trillion by 2022. The study period was 2019-2021. This study aimed to determine the effect of financial ratios on pharmaceutical companies' profit growth during the pandemic and the extent of each variable's influence on profit growth.

2. Method

According to (Sugiyono, 2013), a population is a generalized area consisting of subjects/objects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions drawn. The population used in the study was the pharmaceutical sub-sector companies listed on the IDX during the 2019-2021 period, totaling 25 companies. According to (Arikunto, 2002), a sample is a portion or representative of the population being studied. The sampling technique in this study used the purposive sampling technique. Purposive sampling is a sampling technique based on certain criteria with consideration (Sugiyono, 2013). Some of the sampling criteria used are as follows:

a) Pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) during the 2019-2021 period
b) Pharmaceutical companies that reported financial statements consecutively during the 2019-2021 period.
c) Pharmaceutical companies that use Rupiah currency in their financial reports.
d) Pharmaceutical companies that made a profit during the 2019-2021 period

Based on these criteria, a sample of 20 pharmaceutical companies was obtained. The author believes that using the financial reports of pharmaceutical companies from the last three years is the most recent and relevant sample, so that the research results from the sample used can reflect the current situation.

The research will use a quantitative method. According to (Sugiyono, 2013), quantitative data is data in the form of numbers or data that is scored. The data source used in this study is secondary data obtained from the financial reports of pharmaceutical companies listed on the Indonesia Stock Exchange for the 2019-2021 period. The financial report data used in this study is data from 2018-2021. The sampling technique used was purposive sampling. Data collection used statistical data analysis instruments with the aim of testing the established hypotheses.

This study analyzes the influence of financial ratios on corporate profit growth. The dependent variable used is profit growth, while the independent variables consist of Net Profit Margin (NPM), Debt to Equity Ratio (DER), and Total Assets Turnover (TAT). Profit growth is a company's ability to increase net profit compared to the previous period. This ratio indicates whether the company's performance has increased or decreased from year to year. Profit growth is calculated by comparing the profit after tax in the current period with the profit after tax in the previous period, then dividing the difference by the profit in the previous period. In other words, this formula describes the percentage increase or decrease in profit from one period to the next.

The independent variables in this study are financial ratios suspected of influencing profit growth. Net Profit Margin (NPM) is a ratio that indicates a company's ability to generate net profit from each sale. This ratio is calculated by dividing net profit after tax by net sales. This means that NPM reflects the percentage of net profit a company earns from total sales.

The Debt-to-Equity Ratio (DER) is a ratio used to assess the ratio between a company's total debt and total equity. This ratio indicates how much of a company is financed by debt compared to its equity. DER is calculated by dividing total liabilities by total equity. The higher the DER, the greater the company's dependence on debt.

Total Assets Turnover (TAT) is a ratio used to measure a company's effectiveness in utilizing all its assets to generate sales. This ratio is calculated by dividing net sales by total assets. A high TAT value indicates that the company is efficiently using its assets to generate revenue.

The data analysis methods used in this study include classical assumption testing, multiple linear regression analysis, descriptive statistics, and hypothesis testing. The analysis aims to determine the effect of Net Profit Margin, Debt to Equity Ratio, and Total Assets Turnover on company profit growth.

3. Results and Discussion

This study uses secondary data obtained from financial reports on the Indonesia Stock Exchange website. The data shows that 25 pharmaceutical sub-sector companies are listed on the IDX. The sample selection for this study used*purposive sampling*This study was conducted by limiting the sample size to specific criteria. Twenty companies in the pharmaceutical sub-sector met the sample criteria. Thus, over the three years of research, 60 research data sets were obtained, which served as samples in the study.

This study used a classical assumption test, consisting of four types of tests: normality, multicollinearity, autocorrelation, and heteroscedasticity. These descriptive statistical tests included the number of samples (N), minimum value, maximum value, mean value, and standard deviation for each variable. The results of the descriptive statistical analysis can be seen in the table below:

Table 1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1 NPM	60	-0,01	8.08	0.2650	1.05200
X2 DEB	60	0.00	16.50	1.2180	2.80824
X3 TAT	60	0.00	1.81	0.6603	0.45774
Y PL	60	-2.16	51.20	2.2333	7.62386
Valid N (listwise)	60				

Based on the table, the results can be explained as follows:

a) From the descriptive statistics above, it can be seen that the net profit margin has the lowest value or minimum value of -0.01 obtained from the Indofarma Tbk Company in 2021 and the highest or maximum value of 8.08 obtained from the Merck Tbk

Company in 2021. And the average value of the net profit margin is 0.2650 with a standard deviation of 1.05200.

b) From the descriptive statistics above, it can be seen that the debt to equity ratio has the lowest value or minimum value of 0.00 obtained from the company Organon Pharma Indonesia Tbk in 2020 and the highest value or maximum of 16.50 obtained from the company Murni Sadar Tbk in 2019. And the average value of the debt to equity ratio is 1.2180 with a standard deviation of 2.80824.
c) From the descriptive statistics above, it can be seen that the total asset turnover has the lowest value or minimum value of 0.00 obtained from the company Phapros Tbk in 2021 and the highest or maximum value of 1.81 obtained from the company Orghanon Pharma Indonesia Tbk in 2020. The average value of the total asset turnover is 0.6603 with a standard deviation of 0.45774.
d) From the descriptive statistics above, it can be seen that profit growth has the lowest value or minimum value of -2.16 obtained from the company Kedoya Adyaraya Tbk in 2019 and the highest value or maximum of 51.20 obtained from the company Murni Sadar Tbk in 2021. The average value of profit growth is 2.2333 with a standard deviation of 7.62386.

This test aims to determine whether the data obtained from the dependent and independent variables are normally distributed or not. This test is conducted using the t test.*Kolmogorov-Smirnov*. Data is declared normally distributed if the resulting significance value is greater than or equal to 0.05. The following are the test results*Kolmogorov-Smirnov*:

Table 2 Test*Kolmogorov-Smirnov*:

One-Sample Kolmogorov-Smirnov Test

		Unstandardi d Residual
N		60
Normal Parameters[a,b]	Mean	0.0000000
	Std.Deviatio n	1.13634758
Most Extreme Differences	Absolute	0.093
	Positive	0.093
	Negative	0.081
Test Statistic		0.093
Asymp. Sig. (2-tailed)		0.200[c,d]

From table 2 above, we can see the significance value of the test results.*Kolmogorov-Smirnov*of 0.200, which is greater than 0.05 or 5%. Therefore, it can be concluded that the data in this study were normally distributed.

The multicollinearity test can be seen from the magnitude of the VIF value and the tolerance value. The regression model value that is free from multicollinearity is the one that has a t value of*tolerance*> 0.10 or VIF < 10. When the value*tolerance*< 0.10 or VIF > 10,

then multicollinearity occurs (Ghozali, 2013). The following is a table of multicollinearity test results based on the processed samples:

Table 3. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	NPM	0.951	1.052
	DEB	0.947	1.056
	TAT	0.910	1.098

From the table above, it can be seen that all value variables*tolerance* greater than 0.10, namely*net profit margin*of 0.951,*debt to equity ratio*of 0.947 and*total asset turnover*of 0.910. Meanwhile, the resulting VIF values were all below 10, with values of 1.052, 1.056, and 1.098, respectively. Therefore, it can be concluded that this study is free from multicollinearity.

This test aims to see whether in a linear regression model there is a correlation between the error in the observation period and the error in period t-1. To detect the autocorrelation problem, the test value is used.*Durbin Watson*(DW). The following is a table of multicollinearity test results based on the processed samples:

Table 4 Autocorrelation test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.809[a]	0.654	0.636	0.42782	2.813

From the table above it can be seen that the value of*Durbin Watson*is 2.813. This value will be compared with the value in the Durbin Watson table using a significance level of 5%, namely with the number of observations (n) of 60 and the number of independent variables of 3 (k-3). Therefore, based on the table*Durbin Watson*the upper limit value (du) was obtained as 1.6889. The decision to test the autocorrelation for this study was the value*Durbin Watson*must be greater than the upper limit value (du) (2.813>1.6889) and the DW value must be smaller than the value of 4-(du) then the value obtained is 2.813<2.809. The overall result obtained is a value of 1.6889<2.813<2.809 then it can be concluded that in this study there is no autocorrelation or is free from autocorrelation.

The heteroscedasticity test aims to determine whether there is inequality in the regression model. A good regression model is homoscedastic, not heteroscedastic (Ghozali, 2012). The way to detect the presence or absence of heteroscedasticity is by looking at the graph and the method.*scatterplot*.

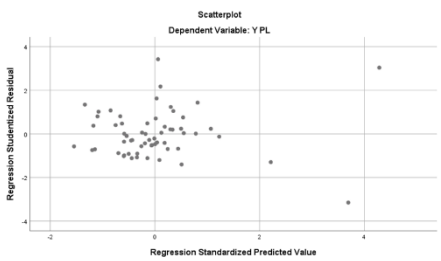

Figure 1. Heteroscedasticity test

As seen in the image above, the points are evenly distributed and do not form a clear pattern. Furthermore, the points are spread above and below the 0 mark on the Y-axis, indicating no heteroscedasticity. Therefore, it can be concluded that no symptoms of heteroscedasticity were found.

The results of the classical assumption test conducted on the data in this study indicate that the data used met the standards for the classical assumption test. This means that the data were normally distributed, there were no symptoms of multicollinearity, no autocorrelation, and no symptoms of heteroscedasticity. Therefore, it can be concluded that the regression model used in this study met the estimation model requirements.*best linear unbiased estimator (*BLUE) and is suitable for multiple linear analysis.

Based on the classical assumption test, the data in the study were found to be normally distributed, with no issues of normality, multicollinearity, autocorrelation, or heteroscedasticity. Therefore, the available data met the requirements for conducting an interaction test or multiple linear regression analysis to examine the influence of the independent variables on the dependent variable. The results of the multiple linear regression analysis in the study can be seen in the following table:

Table 5. Multiple linear regression

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	0.526	0.107
	XI NPM	-0.020	0.111
	X2 DEB	0.211	0.021
	X3 TAT	0.252	0.122

From the table above, the multiple linear regression model obtained is as follows:

Y Pertumbuhan laba = 0.526 - 0.020NPM + 0.211DEB + 0.122TAT

From the results of the equation above, the conclusions that can be drawn are as follows:

a) The constant value is 0.526, which means that if the variables net profit margin, debt to equity ratio, and total asset turnover do not exist or are equal to zero or are considered constant, then the profit growth rate is 0.526.
b) The net profit margin coefficient is -0.020, meaning that every one-unit increase in net profit margin is followed by a decrease in profit growth of -0.020 units, assuming all independent variables are constant.
c) The debt to equity ratio coefficient is 0.211, meaning that every one-unit increase in the debt to equity ratio will be followed by a 0.211-unit increase in profit growth, assuming all independent variables are constant.

d) The coefficient value of total asset turnover is 0.252, which means that every one-unit increase in total asset turnover will be followed by a 0.252-unit increase in profit growth, assuming all independent variables are constant.

The (Partial) T-test is used to measure the extent to which independent variables partially influence profit growth. This test can be calculated in two ways: by comparing the calculated t-test with the t-table and using a significance level of 5% or 0.05. The T-test results are considered influential if the significance value is less than 5% or 0.05. The test results in this study can be seen in the table below:

Table 6 t-test results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.
		B	Std. Error	Beta		
1	(Constant)	0.526	0.107		4.911	0.000
	XI NPM	-0.020	0.111	-0.015	-0.182	0.856
	X2 DEB	0.211	0.021	0.829	3.267	0.000
	X3 TAT	0.252	0.122	0.170	2.071	0.043

The explanation of the t-test results table is as follows:

1. H1 test results Based on the table above, it can be seen that the results of the statistical test for the t-test on the net profit margin variable (X1) show a t-count result of -0.182 which means it is smaller than the t-table or (-0.182 < 2.00324), while the significance level is 0.856 where the result is greater than the significance level (α) = 0.05, or (0.856 > 0.05). Therefore, the H1 hypothesis which states that net profit margin has an effect on profit growth is not accepted. So it can be concluded that net profit margin has no effect on profit growth or Hypothesis H1 is rejected.
2. H2 test results Based on the above, it can be seen that the results of the statistical test for the t-test on the debt to equity ratio variable (X2) show a t-count result of 3.267 which means it is greater than the t-table or (3.267 > 2.00324), while the significance level obtained is 0.000 where the result is smaller than the significance level (α) = 0.05, or (0.000 <0.05). Therefore, the H2 hypothesis which states that the debt to equity ratio has an effect on profit growth is accepted. So it can be concluded that the debt to equity ratio has an effect on profit growth or the H2 hypothesis is accepted.
3. H3 Test Results Based on the table above, it can be seen that the results of the statistical test for the t-test on the total asset turnover variable (X3) show a t-count result of 2.001 which means it is smaller than the t-table or (2.071 < 2.00324), while the significance level is 0.43 where the result is greater than the significance level (α) = 0.05, or (0.43 > 0.05). Therefore, the H3 hypothesis which states that total asset turnover has an effect on profit growth is rejected. So it can be concluded

that total asset turnover has no effect on profit growth or Hypothesis H3 is rejected.

The simultaneous F-test is used to determine how all independent variables collectively influence the dependent variable. The results of this study can be seen in the table below:

Table 7. Simultaneous F test

Model		Sum of Squares	Df	Mean Square	F	Say.
1	Regression	19.409	3	6.470	7.479	.000[b]
	Residual	48.439	56	.865		
	Total	67.848	59			

Based on the table above, it can be seen that the calculated F-value is 7.749, which is greater than the F-table value of 2.975, or (7.749 > 2.977). Meanwhile, the significant F-value is 0.000, which is smaller than the significance level of 0.05 or (0.000 < 0.05). Therefore, based on the calculation results, it can be concluded that simultaneously the variables*Net Profit Margin, Debt to Equity Ratio,* And *Total Assets Turnover*influence on Profit Growth

Coefficient of determination (*R*2) In essence, it measures how far and how much the independent variable can explain the dependent variable. The results of the determination coefficient test can be seen in the table below:

Table 8 Coefficient of determination (*R*2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.809[a]	.654	.636	.42782	2.813

Based on the table, the coefficient of determination value in Adjusted R-Square is 0.636 to see how much the profit growth variance is influenced by the net profit margin, debt to equity ratio and total assets turnover variances, or in other words, how much the independent variable influences the dependent variable can be seen using the following formula:

D = R2 × 100%

D = 0,636 × 100%

D = 63,6%

Based on the results of the determination test above, the ability of net profit margin, debt to equity ratio and total assets turnover in explaining profit growth is 63.6%, while the remaining 36.4% is explained by other variables not examined in the study.

Based on the research results based on the results of data management related to the title, suitability of theory, opinions and previous research, in this research there are several things that can be explained, namely as follows:

1) The Effect of Net Profit Margin on Profit Growth

Based on partial research results, net profit margin does not affect profit growth. This can be seen from the results of the Coefficients column, which shows that t count

< t table, namely -0.182 < 2.00324, and the sig value obtained is 0.856, which means the sig value is greater than 0.05 or 0.856 > 0.05. Therefore, it can be concluded that net profit margin does not affect profit growth in pharmaceutical sub-sector companies on the IDX.

Table 9 Net Profit Margin Value and Profit Growth in Pharmaceutical Sub-sector Companies on the IDX in 2019-2021

No	Company name	Year	NPM	Profit Growth
1	Prodia Widyahusada Tbk	2019	0,1205	0,1984
		2020	0,1434	0,2781
		2021	0,2343	1,3133
2	Murni Sadar Tbk	2019	-0,1929	6,5022
		2020	0,0043	-1,0291
		2021	0,1327	51,255
3	Soho Global Health Tbk	2019	0,0373	2,8157
		2020	0,0279	-0,0874
		2021	0,0778	2,2002

Based on the data in the table and the research results obtained, it explains that*net profit margin*and profit growth have fluctuating values. In the table above, you can see the value*net profit margin*low value produces high profit growth value. It can be concluded that the high or low value of*net profit margin*does not affect the company's ability to increase profit growth.

Likewise, if sales results are high or the company makes a profit*net profit margin*High NPM has no effect on profit growth. This could be due to the company's revenue from each sale being unable to cover its operational costs. This study aligns with research (Nyoman, 2017) which states that NPM has no effect on profit growth. However, this study disagrees with research (Luviah, 2020) which states that*net profit margin*influence on profit growth.

2) The Effect of Debt to Equity Ratio on Profit Growth

Based on partial research results*debt to equity ratio*has no effect on profit growth. This can be seen from the results of the Coefficients column, which shows that t count > t table, namely 3.267 > 2.00324, and the sig value obtained is 0.000, which means the sig value is less than 0.05 or 0.000 < 0.05. Therefore, it can be concluded that*debt to equity ratio*influence on profit growth in pharmaceutical sub-sector companies on the IDX.

Table 10. Debt to Equity Ratio and Profit Growth in Pharmaceutical Sub-sector Companies on the IDX in 2019-2021

No	Company name	Year	THE	Profit Growth
1	Murni Sadar Tbk	2019	16,536	6,5022
		2020	14,957	1,0291
		2021	0,7629	51,255
2		2019	0,8259	0,8004

	Medikaloka Hermina Tbk	2020	0,8790	0,8772
		2021	0,7925	1,0131
3	Bundamedik Tbk	2019	1,2644	1,5597
		2020	1,0601	-0,6217
		2021	0,5933	1,6621

Conceptually*debt to equity ratio*explains the amount of funds provided by borrowers (creditors) with the company owner's capital. The table above explains that if the value*debt to equity ratio*The larger the value, the higher the company's dependence on external capital, thus increasing the company's burden, which will of course reduce profit growth. Conversely, if the value is lower or smaller*debt to equity ratio* This will reduce capital borrowing from external parties, thus reducing the company's burden and increasing profit growth. It can be concluded that the value of*debt to equity ratio*can affect profit growth.

However, if you look at the table, the value*deb to equity ratio*This indicates an increase in the ratio results in the current years, accompanied by an increase in average profit growth. This indicates that the company is able to manage the company's debt used for working capital or operational activities, thereby generating optimal profits.*debt to equity ratio*has a significant influence on increasing company profit growth. The results of this study align with (Yetty and Apriyanto, 2018), which states that DER significantly influences profit growth. However, this study disagrees with the results of (Utami, 2018).

3) The Effect of Total Asset Turnover on Profit Growth

Based on partial research results*total asset turnover*has no effect on profit growth. This can be seen from the results of the Coefficients column, which shows that t count < t table, namely 2.071 > 2.05553, and a sig value of 0.43. The sig value is greater than 0.05, or 0.43 > 0.05. Therefore, it can be concluded that*total asset turnover*does not have a significant effect on profit growth in pharmaceutical sub-sector companies on the IDX.

Table 11 Total Asset Turnover Value and Profit Growth in Pharmaceutical Sub-sector Companies on the IDX in 2019-2021

No	Company name	Year	TAT	Profit Growth
1	Medikaloka Hermina Tbk	2019	0,7193	0,8004
		2020	0,6948	0,8772
		2021	0,7672	1,0131
2	Phapros Tbk	2019	0,0487	-0,2324
		2020	0,0253	-0,5243
		2021	0,0061	-0,7678
3	Sido Tbk Herbal Medicine and Pharmaceutical Industry	2019	0,2288	0.2166
		2020	0,2426	0,1564
		2021	0,3098	0,3499

*Total assets turnover*is a ratio that describes asset turnover, measured by sales volume. The faster the asset turnover, the greater the revenue generated, thus increasing profit growth. If a company has a high TAT ratio, it is capable of generating high profits,

indicating that the company is able to optimize the use of its assets for sales. If sales increase, the company's profit growth will also increase. However, in this study, the test results*total asset turnover*has no significant impact on profit growth, which may be due to management's inability to utilize all of the company's assets to generate sales. Consequently, all of the company's assets cannot be managed effectively.

The results of this study align with those of Safitri (2018), which found that TAT significantly impacts profit growth. However, this study disagrees with those of Luviah (2020), which found that TAT had no effect on profit growth.

4) The Effect of Net Profit Margin, Debt to Equity Ratio, and Total Asset Turnover on Profit Growth

Based on the results of simultaneous research,*net profit margin, debt to equity ratio,* And *total asset turnover*influence profit growth. This can be seen from the results of the ANOVA column value showing that F count < F table (7.479 < 2.00324). And the Sig value result is 0.000 which means it is smaller than 0.05 (0.000 > 0.05). Therefore, it can be concluded that net profit margin, debt to equity ratio, and total asset turnover simultaneously influence profit growth in pharmaceutical sub-sector companies on the IDX. The coefficient of determination of 0.636 means that 63.6% of the profit growth variable is explained by the variables net profit margin, debt to equity ratio and total asset turnover. The remaining 36.4% is influenced by variables outside this regression equation or independent variables not examined in the study. As in the study (Nyoman, 2017) several independent variables that influence the dependent variable are*current ratio*and dividend policy. Then, in the research (Safitri, 2020), the independent variables that influence the dependent variable are*working capital to total asset*These variables can serve as a reference for companies to evaluate their ability to increase profit growth.

4. CONCLUSION

Based on the research results, it can be concluded that partially Net Profit Margin does not affect profit growth, while Debt to Equity Ratio is proven to affect profit growth. Meanwhile, Total Assets Turnover also does not show an effect on profit growth partially. However, the results of the simultaneous test (F test) show that Net Profit Margin, Debt to Equity Ratio, and Total Assets Turnover jointly affect profit growth. The coefficient of determination (Adjusted R-Square) value of 0.636 indicates that the three independent variables are able to explain profit growth by 63.6%, while the remaining 36.4% is influenced by other factors outside the research model. These results indicate that only Debt to Equity Ratio has a direct influence on profit growth, so companies, especially in the pharmaceutical sector, are expected to pay more attention to managing this ratio. In addition, information regarding profit growth is important for users of financial statements because increased profits can determine the level of return to shareholders and be a consideration for potential investors in making investment decisions.

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