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# Analyzing the Relationship Between Capital Structure, Profitability, and Their Impact on Company Value in Consumer Goods Subsector Manufacturing Companies Listed on the Asean Stock Exchange

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***ABSTRACT***
This study investigates the impact of capital structure and profitability on the company value of consumer goods subsector manufacturing companies listed on the ASEAN Stock Exchange from 2019 to 2022. The primary objective is to determine how these financial metrics influence the valuation of firms in a highly competitive and dynamic market. Utilizing panel data analysis, this research analyzes 168 companies selected through purposive sampling based on specific criteria, including consistent financial performance and market capitalization. Descriptive statistics reveal significant variation in capital structures, with an average debt-to-equity ratio (DER) of 3.503 and profitability, measured by return on equity (ROE), averaging 1.253. The common effect, fixed effect, and random effect models were evaluated, with the random effect model deemed most appropriate based on Hausman and Breusch-Pagan tests. The regression analysis shows that both DER and ROE positively and significantly impact company value, as indicated by the price-to-book ratio (PBV). The findings underscore the importance of strategic financial decision-making in enhancing firm value. Higher DER suggests effective leverage use, while increased ROE indicates efficient management and strong financial performance, both contributing to higher firm valuations. This study contributes to the academic understanding of corporate finance within the ASEAN consumer goods sector and provides practical insights for managers, investors, and policymakers to optimize financial strategies and enhance competitiveness.

**Keywords:** Capital Structure, Profitability, Company Value, Consumer Goods, and ASEAN Stock Exchange.

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# Analisis Hubungan Struktur Modal, Profitabilitas, dan Dampaknya terhadap Nilai Perusahaan pada Perusahaan Manufaktur Subsektor Barang Konsumsi yang Terdaftar di Bursa Efek ASEAN

*Abstrak*

*Penelitian ini menyelidiki dampak struktur modal dan profitabilitas terhadap nilai perusahaan pada perusahaan manufaktur subsektor barang konsumsi yang terdaftar di Bursa Efek ASEAN dari tahun 2019 hingga 2022. Tujuan utamanya adalah untuk menentukan bagaimana metrik keuangan ini memengaruhi penilaian perusahaan di pasar yang sangat kompetitif dan dinamis. Dengan menggunakan analisis data panel, penelitian ini menganalisis 168 perusahaan yang dipilih melalui purposive sampling berdasarkan kriteria tertentu, termasuk kinerja keuangan yang konsisten dan kapitalisasi pasar. Statistik deskriptif mengungkapkan variasi yang signifikan dalam struktur modal, dengan rasio utang terhadap ekuitas (DER) rata-rata sebesar 3,503 dan profitabilitas, diukur dengan laba atas ekuitas (ROE), rata-rata 1,253. Model efek umum, efek tetap, dan efek acak dievaluasi, dengan model efek acak dianggap paling tepat berdasarkan uji Hausman dan Breusch-Pagan. Analisis regresi menunjukkan bahwa DER dan ROE berdampak positif dan signifikan terhadap nilai perusahaan, seperti yang ditunjukkan oleh rasio harga terhadap buku (PBV). Temuan ini menggarisbawahi pentingnya pengambilan keputusan keuangan yang strategis dalam meningkatkan nilai perusahaan. DER yang lebih tinggi menunjukkan penggunaan leverage yang efektif, sementara ROE yang meningkat menunjukkan manajemen yang efisien dan kinerja keuangan yang kuat, keduanya berkontribusi pada valuasi perusahaan yang lebih tinggi. Studi ini berkontribusi pada pemahaman akademis tentang keuangan perusahaan dalam sektor barang konsumen ASEAN dan memberikan wawasan praktis bagi para manajer, investor, dan pembuat kebijakan untuk mengoptimalkan strategi keuangan dan meningkatkan daya saing.*

***Kata Kunci:*** *Struktur Modal, Profitabilitas, Nilai Perusahaan, Barang Konsumsi, dan Bursa Efek ASEAN.*

## INTRODUCTION

The field of corporate finance continuously evolves to understand the intricate dynamics between financial decisions and their impacts on firm performance and value. Among the various sectors, the consumer goods subsector plays a critical role in the economy, producing essential products that maintain consistent demand regardless of economic fluctuations. Understanding how financial strategies, particularly capital structure and profitability, influence the value of companies within this subsector is vital. This study delves into these financial strategies to offer insights into maintaining and enhancing firm value amidst the competitive landscape of the ASEAN region.

Capital structure decisions, which involve the mix of debt and equity financing, are pivotal for companies aiming to optimize their financial performance and value. Theories such as the Pecking Order Theory and the Signal Theory provide frameworks for understanding these decisions. The Pecking Order Theory suggests that companies prioritize internal financing to minimize information asymmetry (Myers & Majluf, 1984), while the Signal Theory posits that financial choices communicate a firm's confidence in its future performance (Ross, 1977). Profitability, reflecting efficient management and operational success, further influences firm value by attracting investors and boosting shareholder wealth. However, in the ASEAN context, these relationships are not thoroughly explored, especially within the consumer goods manufacturing subsector.

Despite existing research on capital structure and profitability across various industries, there is a noticeable gap in studies focused specifically on the consumer goods subsector within the ASEAN Stock Exchange. Previous research often generalizes findings across different economic contexts, which may not directly apply to the unique economic, social, and cultural environments of ASEAN countries. Studies such as those by Andayani and Purbawangsa (2019) and Sihombing, Razak, and Indratjahyo (2022) have explored these relationships in the manufacturing and banking sectors, respectively, but lack specific insights into the ASEAN consumer goods subsector. Moreover, research by Ismiyar and Sitorus (2024) and Melly et al. (2024) focuses on companies listed on the Indonesia Stock Exchange, leaving a gap in the broader ASEAN context. The field of corporate finance continuously evolves to understand the intricate dynamics between financial decisions and their impacts on firm performance and value. Previous studies have shown that merely increasing capital expenditure does not necessarily translate into higher company value, highlighting the need for strategic allocation and effective management of capital investments to positively impact company value (Saraswati, Zaenuddin, & Khakim, 2022). This study aims to address this gap by providing a detailed analysis of the relationship between capital structure, profitability, and company value within this specific subsector, offering regionally relevant insights.

This study conducts a comprehensive analysis of the relationship between

capital structure and profitability on the valuation of consumer goods manufacturing firms listed on the ASEAN Stock Exchange. Employing panel data methodology, we identify optimal capital structures and profitability metrics that maximize firm value. The findings contribute to the existing body of knowledge on financial strategy within the ASEAN consumer goods sector and offer actionable insights for management, investors, and policymakers to enhance competitiveness and achieve sustainable growth.

**Problem Formulation**

Consumer goods manufacturing companies listed on the ASEAN Stock Exchange face a critical challenge in achieving sustainable growth due to limited understanding of how to optimize the relationship between capital structure, profitability, and company value within the unique dynamics of the ASEAN market. Existing research offers inconsistent findings, often based on developed economies, which may not translate effectively to the specific economic, social, and cultural contexts of ASEAN countries. This lack of regionally-specific knowledge hinders companies from making informed financial decisions that maximize value and competitiveness in the long term.

Assumptions:

1. Companies strive for sustainable growth that balances profitability with long-term value creation.
2. Capital structure and profitability remain key factors influencing company value.

Scope Limitations:

1. The study focuses on consumer goods non-cyclical manufacturing companies listed on the ASEAN Stock Exchange.
2. The research investigates the impact of capital structure and profitability on company value, excluding other potentially influential factors.
3. Specific profitability metrics will be chosen for analysis.

**Literature Study**

## Signal Theory

Signal Theory plays a crucial role in understanding how companies communicate with stakeholders, particularly regarding their financial health and future prospects. This theory is applicable in situations where information asymmetry exists, meaning one party (the company) has more knowledge than the other (investors). Spence (2002) emphasized the role of signaling theory in companies communicating their quality, performance, and future outlook. Financial decisions such as stock offerings, dividend announcements, and changes in capital structure all act as signals to investors. According to Brealey et al. (2019), companies use these signals to inform financial markets about their anticipated performance. For instance, a company with strong future earnings potential can signal this confidence by taking on more debt compared to a firm with similar characteristics but bleak future prospects (Brigham & Houston, 2019). The market interprets these financial decisions as signals, leading to positive or negative reactions depending on the perceived message (Madura, 2020). By

understanding signaling theory and information asymmetry, valuable insights can be gained into how companies use financial communication to influence stakeholder perception and ultimately company value.

**Pecking Order Theory**

The Pecking Order Theory explains the framework within which companies determine their sources of finance in view of their various levels of capital structure and profitability. First developed by Myers and Majluf (1984), this theory establishes a financing hierarchy under which firms prefer internal financing over external financing sources such as debt and consider new equity issues as a last resort. The theory is based on the premise that companies try to abridge the costs and risks connected to the information asymmetries that exist between the manager and the external investor.

According to Yıldırım & Çelik (2021), the theory postulates that companies prefer financing portfolios through internal funds such as retained earnings before resorting to debt financing. Firms switch to taking outside debts only when the internal funds have gone below the requirement, ultimately resorting to issuing new equity as a last resort. Frank, Goyal, and Shen (2020) believe that large firms depend heavily on internal finances to meet investment and dividend obligations, broadly pooling internal cash flows to cover investment needs. This is consistent with a preference not to dilute and the potential adverse selection costs of issuing new equity to uninformed investors. Dinçer & Yüksel (2021) elaborate that the Pecking Order Theory does not aim to reduce the cost of capital but rather to manage financing in such a way that it tackles the higher costs and complexities of external financing and equity. Such behavior influences the value of the firm within the investors' minds, particularly concerning financial stability and growth.

Applying the Pecking Order Theory to the context of listed ASEAN companies in the consumer goods manufacturing sector helps explain how these companies' capital structures are affected by their levels of profitability and how these moves impact company value. The emphasis is on the financial policy of these companies and the impact it has on investor confidence and market valuation through a study of the manner in which these companies' financing hierarchy relates to preference for retained earnings over debt and debt over equity.

## Capital Structure

Capital structure is a significant component of corporate finance, involving the mix of a company's debt and equity used to finance its operations and growth (Madura, 2020). Debt typically includes loans and bonds, while equity involves common and preferred equity. The choice of capital structure affects the company's risk and cost of capital (Eun, Resnick, & Chuluun, 2020). The ratio of debt to equity influences a company's financial strategy, risk, and overall value (Brigham & Houston, 2021).

**Formulation:**
**Debt-to-Equity Ratio (DER):** Calculated by dividing total liabilities by shareholders' equity, DER helps determine a company's financial health and stability.

## Profitability

Profitability measures a company's ability to generate earnings relative to its revenue, assets, and equity. It reflects the efficiency of the company in utilizing its resources to generate profit. Key measurements for this variable include Return on Equity (ROE)

**Formulation:**
**Return on Equity (ROE):** This ratio is calculated by dividing net income by shareholders' equity and indicates how effectively the company uses equity to generate profit.

## Company Value

Company value represents the market perception of the company's worth and is often reflected in its stock price and market capitalization. It is influenced by both capital structure and profitability. A key measurement for this variable is the Price-to-Book Value (PBV) ratio.

**Formulation:**
**Price-to-Book Value (PBV):** This ratio is calculated by dividing the market value per share by the book value per share and indicates how much investors are willing to pay for each dollar of book value.

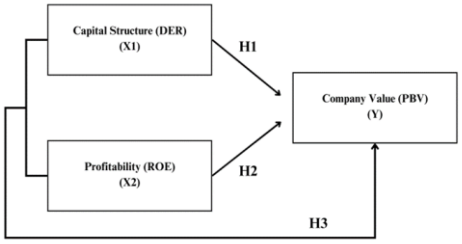
## Formulated Hypotheses

1. **$H_{o1}$:** Debt-to-Equity Ratio (DER) does not significantly impact the Price-to-Book Value (PBV) in the manufacturing companies of the consumer goods subsector.
   **$H_{a1}$:** Debt-to-Equity Ratio (DER) significantly impacts the Price-to-Book Value (PBV) in the manufacturing companies of the consumer goods subsector.

2. **$H_{o2}$:** Return on Equity (ROE) does not have any positive influence on PBV in the sub-sector of manufacturing consumer goods companies.
   **$H_{a2}$:** Return on Equity (ROE) positively impacts the PBV in companies of the consumer goods subsector in the manufacturing sector.
3. **$H_{o3}$:** There is no joint influence of the Debt-to-Equity Ratio (DER) and Return on Equity (ROE) on the Price-to-Book Value (PBV) of the companies in the sub-sector of consumer goods manufacturing.
   **$H_{a3}$:** Debt-to-Equity Ratio (DER) and Return on Equity (ROE) independently influence PBV in the sub-sector manufacturing companies of consumer goods.

**Theoretical Framework**

**Picture 1** Theoretical Framework




Source: Created by Author, 2024

This theoretical framework will theoretically explain the variables to be studied regarding the relationship between two independent variables, namely capital structure (X1) and profitability (X2) with one dependent variable, namely company value (Y).

## RESEARCH METHODS

### Population

The population for this study includes non-cyclical consumer goods companies in the manufacturing subsector listed on the ASEAN Stock Exchange from 2019 to 2022 (Sallis et al., 2021).

### Sampling

Using purposive sampling, specific criteria were applied to select companies, focusing on those with comprehensive financial statements, a minimum market capitalization of $2 billion, profitability in at least two of the three years, and consistent revenue streams. This resulted in a sample of 168 companies.

**Table 1:** Detail Sample Criteria

| No | Sample Criteria | Total |
|---|---|---|
| 1 | Consumer goods companies listed on the ASEAN market for the period 2020 - 2022 | 532 |
| 2 | Companies must have available and complete financial statements for the period 2020-2022 | 0 |
| 3 | Companies must have been listed on the stock exchanges of ASEAN member countries for at least 10 years | -156 |
| 4 | Companies must have a market capitalization minimum $1 billion for the period 2020-2022. | -185 |
| 5 | Companies must have been profitable for at least two out of the three years in the period 2020-2022. | -3 |
| 6 | Companies must show consistent revenue streams with no extreme fluctuations over the period 2020-2022. | -20 |
| 7 | Total sample are used for research | 168 |

Source: Secondary Data Processed, 2024

## Research Data

Secondary data was collected from annual reports and financial statements of the selected companies. Sources included ASEAN stock exchanges, Investing.com, and Yahoo Finance.

## Analytical Techniques

### Descriptive Statistics Analysis

Descriptive statistics summarize and characterize the data set using measures of central tendency and variability (Schindler, 2024).

**Multiple Linear Regression Panel Data**

Panel data analysis combines cross-sectional and time-series data, providing more informative insights and enhanced statistical power (Gujarati, 2009; Aljandali & Tatahi, 2018). This study utilizes the Common Effect Model (CEM), Fixed Effects Model (FEM), and Random Effects Model (REM) to control for unobserved heterogeneity and enhance model robustness.

**Model Selection and Testing**

1. **Chow Test:** Evaluates the stability of regression coefficients over time to choose between CEM and FEM.
2. **Hausman Test:** Decides between FEM and REM by assessing the correlation between unobserved effects and explanatory variables.
3. **Breusch-Pagan Lagrange Multiplier Test:** Determines if REM is necessary by checking for the presence of random effects.

## Hypothesis Testing

**T-Test**

Evaluates the individual influence of each independent variable on the dependent variable (Schindler, 2022).

**F-Test**

Determines if independent variables collectively influence the dependent variable (Schindler, 2022).

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

Measures the proportion of variance in the dependent variable explained by the independent variables, indicating the model's predictive accuracy (Schindler, 2022; Gujarati & Porter, 2009).

## RESULT AND DISCUSSION

**1. Descriptive Statistic Analysis**

**Table 2:** Descriptive Analysis Result

| Information | X1 (Capital Structure) | X2 (Profitability) | Y (Company Value) |
|---|---|---|---|
| Mean | 3.503290 | 1.253107 | 0.168467 |
| Median | 1.347000 | 0.733500 | 0.102500 |
| Maximum | 109.1920 | 23.16000 | 3.243000 |
| Minimum | 0.012000 | -2.372000 | -2.101000 |
| Std. Dev. | 8.202496 | 2.146797 | 0.308648 |
| Observations | 672 | 672 | 672 |

Source: Output Eviews 13, 2024

The descriptive statistics for the key variables—Capital Structure (X1), Profitability (X2), and Company Value (Y)—from 504 observations between 2019 and 2022 reveal significant insights. The average debt-to-equity ratio (DER) is 3.503, with a median of 1.347 and a range from 0.012 to 109.192, indicating substantial variation, as confirmed by a standard deviation of 8.202. Profitability, measured by return on equity (ROE), has an average of 1.253, a median of 0.734, and ranges from -2.372 to 23.160, with a standard deviation of 2.411, suggesting moderate profitability with less variation than capital structure. Company value, represented by the price-to-book ratio (PBV), averages 0.168, has a median of 0.102, and ranges from -2.101 to 3.243, with a standard deviation of 0.308, highlighting diverse company valuations influenced by various factors such as profitability, capital structure, industry, and market conditions.

**2. Model Selection and Testing**

In this study, the panel data regression model will be employed. The analysis will involve a paired test of panel data regression models using the Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM) approaches to determine the most suitable model. Data processing will be conducted electronically using Eviews 13 software. The model selection will be based on three tests: the Chow test, the Hausman test, and the Lagrange Multiplier (LM) test.

**Chow Test**

The Chow Test checks if the relationships between variables in a regression model are consistent across different groups or time periods.

**Null Hypothesis (H0):** The Common Effect Model (CEM) is better than the Fixed Effect Model (FEM).

**Alternative Hypothesis (H1):** The Fixed Effect Model (FEM) is better than the Common Effect Model (CEM).

**Decision Rule:**

If p-value > 0.05: Do not reject H0. This means the Common Effect Model is appropriate, indicating a consistent relationship.

If p-value < 0.05: Reject H0. This means the Fixed Effect Model is better, indicating the relationships vary over time.

**Table 3:** Chow Test Result

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 7.055065 | (167,502) | 0.0000 |
| Cross-section Chi-square | 811.820033 | 167 | 0.0000 |

Source: Output Eviews 13, 2024

The p-values for both the Cross-section F and Chi-square tests are 0.0000, which are below the significance level of 0.05. This means the results are statistically significant, so we reject the null hypothesis (H0) that the CEM model is better. Therefore, the Chow test indicates that the Fixed Effects Model (FEM) is more suitable for analyzing this data.

**Hausman Test**

The Hausman test helps choose between the Fixed Effects Model (FEM) and the Random Effects Model (REM) in panel data analysis by checking if unobserved individual effects are correlated with the explanatory variables.

**Null Hypothesis (H0):** The Random Effects Model is suitable (unobserved effects are not correlated with explanatory variables).

**Alternative Hypothesis (H1):** The Fixed Effects Model is suitable (unobserved effects are correlated with explanatory variables).

**Decision Rule:**

If p-value > 0.05: Do not reject H0. The Random Effects Model is suitable, implying no bias from unobserved effects.

If p-value < 0.05: Reject H0. The Fixed Effects Model is suitable, indicating unobserved effects may bias the Random Effects Model.

**Table 4:** Hausman Test Result

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 130.107409 | 2 | 0.0000 |

Source: Output Eviews 13, 2024

Since the p-value is 0.0000 > 0.05 (which is much bigger than the chosen significance level of 0.05), we reject the alternative hypothesis (H1). This suggests the Random Effects Model

**Multiple Linear Regression Panel Data Equation**

Among the three models considered, the random-effects model is the most suitable choice for further analysis of factors influencing the price-to-book ratio (PBV) of 168 consumer non-cyclical companies listed on the ASEAN Exchanges from 2019 to 2022.

This conclusion is based on the results of the panel data regression test using a fixed-effects model, which are presented bel

**Table 6:** Selected Model Regression Result

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 1.521032 | 0.228575 | 6.654412 | 0.0000 |
| X1 (DER) | 0.763687 | 0.129493 | 5.897512 | 0.0000 |
| X2 (ROE) | 6.085907 | 0.761090 | 7.996307 | 0.0000 |

Source: Output Eviews 13, 2024

From the results of the Random Effect Model (REM), the regression

$$Yit = \alpha - \beta_1 DERit + \beta_2 ROEit + \varepsilon$$

$$\mathbf{PBV = 1.521032 + 0.763687\ DERit + 6.085907\ ROEit + \varepsilon}$$

Interpretation of the Regression Equation:

1. **Constant Value (Intercept α)**
   A constant value of 1.521032 indicates that if the independent variables (DER and ROE) are zero, then the company value (Y) is positive at 0.521032.
2. **Capital Structure Coefficient - DER (β1)**
   The Capital Structure Coefficient for DER (X1) of 0.763687 shows that every increase in DER by 1 unit will have the impact of increasing the company value (Y) by 0.763687.
3. **Profitability Coefficient - ROE (β2)**
   The Profitability Coefficient for ROE (X2) of 6.085907 shows that every increase in ROE by 1 unit will have the impact of increasing the company value (Y) by 6.085907.

**Hypothesis Testing**

**T-Test**

This test was conducted to determine the influence of independent variables, namely Capital Structure (DER) and Profitability (ROE) on the dependent variable, Company.

**H0**: Partially, Capital Structure (DER) and Profitability (ROE) have no effect on company value.

**Ha**: Partially, Capital Structure (DER) and Profitability (ROE) have an effect on company value.

The decision criteria are based on the p-value from the analysis using Eviews 13:

If the calculated t-value < table t-value and p-value < 0.05: Reject H0 and accept Ha (evidence of a partial effect)

If the calculated t-value > table t-value and p-value > 0.05: Reject Ha and accept H0 (no evidence of a partial effect)

**Table 7:** T-Test Result

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 1.521032 | 0.228575 | 6.654412 | 0.0000 |
| X1 (DER) | 0.763687 | 0.129493 | 5.897512 | 0.0000 |
| X2 (ROE) | 6.085907 | 0.761090 | 7.996307 | 0.0000 |

Source: Output Eviews 13, 20

**Interpretation:**

1. **Effect of Capital Structure (DER) on Company Value:** The regression analysis shows that Capital Structure (DER) has a significant effect on company value. The calculated t-value (7.195540) is greater than the table t-value (1.965), and the p-value (0.0000) is less than 0.05. Therefore, we reject the null hypothesis (H01) and accept the alternative hypothesis (Ha1).
2. **Effect of Profitability (ROE) on Company Value:** The regression analysis shows that Profitability (ROE) also has a significant effect on company value. The calculated t-value (10.89865) is greater than the table t-value (1.965), and the p-value (0.0000) is less than 0.05. Therefore, we reject the null hypothesis (H0) and accept the alternative hypothesis (Ha).

**F-Test**

The F-test checks if the independent variables in a regression model collectively influence the dependent variable by comparing variances.

**Null Hypothesis (H0):** Capital Structure (DER) and Profitability (ROE) do not significantly influence Company Value together.

**Alternative Hypothesis (Ha):** Capital Structure (DER) and Profitability (ROE) significantly influence Company Value together.

**Decision Criteria:**

If calculated F-value < F Table and p-value > 0.05: Accept H0, indicating no significant collective influence.

If calculated F-value > F Table and p-value < 0.05: Reject H0, indicating a significant collective influence.

**Table 8:** F-Test Result

| | |
|---|---|
| R-squared | 0.522294 |
| Adjusted R-squared | 0.520268 |
| S.E. of regression | 4.012391 |
| F-statistic | 159.0675 |
| Prob(F-statistic) | 0.000000 |

Source: OutputEviews 13, 2024

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

The coefficient of determination ($R^2$) is a key metric in regression analysis, quantifying the proportion of variance in the dependent variable explained by the independent variables within the model. $R^2$ ranges from 0 to 1, with higher values indicating a better fit. A higher $R^2$ value signifies that the regression model explains a larger proportion of the variability in the Company Value. The coefficient of determination values range between zero and one.

**Table 8:** $R^2$ Result

| | |
|---|---|
| R-squared | 0.522294 |
| Adjusted R-squared | 0.520268 |
| S.E. of regression | 4.012391 |
| F-statistic | 159.0675 |
| Prob(F-statistic) | 0.000000 |

Source: OutputEviews 13, 2024

With an adjusted R-squared of 0.522204, Capital Structure (DER) and Profitability (ROE) explain about 52.02% of the variation in Company Value, indicating a strong linear relationship and a good model fit. The remaining 47.98% of the variation is due to other factors not included in the model. This high adjusted R-squared value shows that these independent variables are important determinants of Company Value and that the model has high predictive accuracy. The adjusted R-squared is used because there is more than one independent variable, confirming the model's strong explanatory power.

## CLOSING

### Conclusion

1. **Research Objectives and Results Discussion:** This study analyzed the impact of capital structure (DER) and profitability (ROE) on company value (PBV) in ASEAN's consumer goods manufacturing sector. Results show both DER and ROE significantly influence company value. Using the Random Effect Model (REM), a one-unit increase in DER and ROE increases company value by 0.763687 and 6.095907, respectively.
2. **General Overview of Research Objects:** The study focused on non-cyclical consumer goods manufacturing companies listed on the ASEAN Stock Exchange, revealing stability and good financial performance from 2020-2022. The average DER was 3.503, and the average ROE was 1.253.
3. **General Overview of Data Used:** The study used secondary data from financial statements, covering 672 observations from 2019 to 2022. DER ranged from 0.012 to 109.192, and ROE ranged from -2.372 to 23.160, showing significant differences in financial strategies. The regression analysis shows that both DER and ROE positively and significantly impact company value. This finding aligns with the results of a study that found ROA significantly impacts capital gains, indicating that companies with higher ROA tend

to have better financial performance and higher company value (Saraswati, Zaenuddin, & Khakim, 2022).

4. **Results Achieved According to Research Objectives:**
   a. **Relationship Between Variables:** Positive and significant relationship between DER and ROE with PBV.
   b. **Influence of Variables:** Increases in DER and ROE positively affect PBV, supporting financial theories.
   c. **Mathematical Model:** The REM equation, PBV = 1.521032 + 0.763687 DER + 6.085907 ROE + ε, shows DER and ROE explain 52.02% of the variation in company value (adjusted $R^2$ = 0.520268).

Overall, the study highlights the importance of capital structure and profitability in enhancing company value in the ASEAN consumer goods sector, providing valuable insights for managers, investors, and policymakers.

**Suggestions:**

1. **Optimizing Capital Structure:** Use debt optimally to increase company value, following Pecking Order and Signal theories.
2. **Increasing Profitability:** Focus on operational efficiency, cost control, product innovation, quality improvement, and market penetration.
3. **Strategic Financial Management:** Develop holistic financial policies, including long-term planning, risk analysis, and efficient working capital management.
4. **Enhancing Transparency and Communication:** Improve transparency and stakeholder communication to build trust and reputation.
5. **Utilizing Data and Financial Analysis:** Invest in advanced data analysis techniques and training to make informed decisions and understand financial relationships better.

By implementing these suggestions, ASEAN's non-cyclical consumer goods manufacturing companies can enhance their capital structure and profitability, leading to increased company value and long-term stakeholder benefits

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