

ABSTRACT

The Effect of Inventory Turnover, Exchange Rate, and Net Profit Margin on Financial Performance (Empirical Study on Basic Materials Sector Companies Listed on the Indonesia Stock Exchange for the 2019-2023 Period)

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This study aims to analyze the effect of Inventory Turnover, Exchange Rate, and Net Profit Margin on the financial performance of companies in the Basic Materials sector listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023. Using secondary data from companies' annual and financial reports selected through purposive sampling, the study examines the relationships among variables using panel data regression, with EBITDA as the financial performance measure. The findings show that Inventory Turnover does not significantly affect financial performance, possibly due to the dominant internal factors influencing inventory management. The Exchange Rate has a positive but insignificant effect, suggesting that exchange rate fluctuations may not directly impact the sector. Meanwhile, Net Profit Margin significantly affects financial performance, with companies having higher profit margins generally showing better financial performance. This study suggests that, while Inventory Turnover and Exchange Rate have limited effects, cost control and revenue optimization through Net Profit Margin are key strategies for improving financial performance in the Basic Materials sector.

Keywords: *Inventory Turnover, Exchange Rate, Net Profit Margin, Financial Performance*