ABSTRACT

Profitability is the company's abiliy to generate profits seen from the percentage measure to what extent the ability of management to manage the resources owned to make a profit a certain period of time. The higher the company's profitability shows the greater profit gained.

This study aims to investigate the factors that influence profitability among them production costs, debt to equity ratio and inventory turnover on the basic industrial and chemical manufacturing companies listed on BEI for the period 2014-2017.

Data collection methods use quantitative methods, the sampling technique uses purposive sampling technique. The sample used in the study was 26 companies. The methods analysis in this study is panel data regression using Eviews version 9.0.

Result of the t test show that production costs and DER has a negative significant effect on profitability and inventory turnover has no effect on profitability. The result of the F show that simultaneously the production cost, DER and inventory turnover have a significant effect on profitability by 59,46% and the remaining 40,54% is influenced by other variable not present in this study.

Based on the result of this study, if the basic industrial sector and chemical want to increase profits, the company needs to make production cost efficiency and pay attention to the composition of debt. So that the company's profits will increase.

Keyword: *Debt to equity ratio, Inventory turnover, Production Cost, Profitability.*