

ABSTRACT

This study examines the effect of capital structure on profitability of PT Astra Internasional Tbk and the role of inflation in the relationship. The main issue raised is the difference in results from previous studies on the effect of capital structure on profitability and the lack of research analyzing the impact of inflation on the relationship. The purpose is to prove the effect of capital structure on the profitability of the company when inflation occurs and provide theoretical and practical contributions. The method used is an empirical study by analyzing the financial data of PT Astra Internasional Tbk for the period 2012-2022 using descriptive statistical analysis, classical assumption test, and hypothesis testing. The results showed that capital structure has no significant effect on company profitability, and inflation also has no significant effect on profitability. In addition, there is no significant moderating effect of inflation on the relationship between capital structure and corporate profitability during the study period.

Keywords : *Capital structure, Profitability, Inflation*