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Analyzing Financial Performance: The Impact of Capital Structure, Sales Growth, Turnover of Fixed Assets, and Company Size (A Case Study of the Construction Materials Industry on the Indonesia Stock Exchange 2019-2024)

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Keywords:
Capital structure; sales growth; fixed assets turnover; company size; financial performance

Abstract

Research on the construction materials industry shows inconsistent results regarding the factors that affect a company's financial performance. This uncertainty is the basis for the need for further analysis of internal company variables that can improve financial performance, particularly capital structure, sales growth, fixed asset turnover, and company size. This study aims to analyze the effect of these four variables on financial performance, both simultaneously and partially. The research method uses a quantitative approach with multiple linear regression analysis. Secondary data were obtained from the Indonesia Stock Exchange (IDX) through purposive sampling, resulting in 6 companies as samples from a population of 13 during the 2019–2024 period. The results show that simultaneously, all independent variables have a positive and significant effect on financial performance. Partially, capital structure has a negative and significant effect, while sales growth and fixed asset turnover have a positive and significant effect. Company size has no effect on financial performance. The coefficient of determination (R^2) value is 0.661, which means that the model is able to explain 66.1% of the variation in financial performance. These findings imply that companies need to optimize their sales growth and fixed asset utilization efficiency strategies, as well as carefully manage their capital structure to improve financial performance.

Kata Kunci:
Struktur modal; pertumbuhan penjualan; perputaran aktiva tetap; ukuran perusahaan; kinerja keuangan

DOI:

Abstraks

Penelitian pada industri material konstruksi menunjukkan ketidakkonsistenan hasil terkait faktor-faktor yang memengaruhi kinerja keuangan perusahaan. Ketidakpastian ini menjadi dasar perlunya analisis lebih lanjut mengenai variabel internal perusahaan yang dapat meningkatkan kinerja keuangan, khususnya struktur modal, pertumbuhan penjualan, perputaran aktiva tetap, dan ukuran perusahaan. Penelitian ini bertujuan menganalisis pengaruh keempat variabel tersebut terhadap kinerja keuangan, baik secara simultan maupun parsial. Metode penelitian menggunakan pendekatan kuantitatif dengan analisis regresi linier berganda. Data sekunder diperoleh dari Bursa Efek Indonesia (BEI) melalui teknik purposive sampling, menghasilkan 6 perusahaan sebagai sampel dari 13 populasi selama periode 2019–2024. Hasil penelitian menunjukkan bahwa secara simultan seluruh variabel independen berpengaruh positif dan signifikan terhadap kinerja keuangan. Secara parsial, struktur modal berpengaruh negatif dan signifikan,

sedangkan pertumbuhan penjualan dan perputaran aktiva tetap berpengaruh positif dan signifikan. Ukuran perusahaan tidak berpengaruh terhadap kinerja keuangan. Nilai koefisien determinasi (R^2) sebesar 0,661, yang berarti model mampu menjelaskan 66,1% variasi kinerja keuangan. Temuan ini mengimplikasikan bahwa perusahaan perlu mengoptimalkan strategi pertumbuhan penjualan dan efisiensi penggunaan aktiva tetap, serta mengelola struktur modal secara hati-hati untuk meningkatkan kinerja keuangan.

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INTRODUCTION

The rapid growth of various companies in Indonesia requires every company to have a competitive advantage, one of which is through sound financial performance. Financial performance is the quality of a company's operational results, which directly affects the company's sustainability and competitiveness amid increasingly fierce market competition (Liu, Cao, and Wan 2023). Therefore, various factors that affect financial performance are important aspects that companies must pay attention to.

The assessment of a company's financial performance can be done by analyzing various financial ratios, such as profitability, liquidity, solvency, and activity ratios. However, profitability ratios are often the main focus because profitability indicates operational efficiency and the company's growth potential, which are key considerations for investors and stakeholders in assessing future business prospects (Zuhroh et al. 2025). Profitability ratios include Net Profit Margin, Basic Earning Power, Return On Investment, Return On Equity, and Return on Assets. This study focuses on Return On Assets (ROA) because it reflects the effectiveness of a company in managing assets to generate profits. Several factors that can affect financial performance are capital structure, sales growth, fixed asset turnover, and company size.

Capital structure is defined as the combination of debt and equity used in financing a company, which reflects how the company funds its assets and affects its financial performance (Sdiq and Abdullah 2022). Capital structure can be analyzed using the Debt to Equity Ratio (DER). According to Kasmir (2015) DER is a ratio that measures the comparison between debt and equity in company financing.

Another factor that can affect financial performance is sales growth. According to Tasmil et al., (2019) ales growth can also indicate a company's competitiveness in the market. Sales have a strategic influence on companies because sales must be supported by assets, and if sales increase, assets will also increase, allowing companies to optimize their existing resources (Purwaningsih and Kurniawati 2022).

Fixed assets turnover is one of the factors that influence a company's financial performance. The fixed assets turnover ratio is used by company management to measure the efficiency of fixed asset utilization in supporting the company's sales activities (Fajriah and Jumady 2021).

The role of company size cannot be ignored as it is one of the factors that can affect financial performance. Firm size is defined as the scale of a company that influences its ability to allocate resources, especially in terms of implementing sustainable initiatives and practices (Baig et al. 2020).

This study raises issues that exist in the construction materials industry. The construction materials industry in Indonesia plays an important role in supporting national development, especially in the provision of raw materials for the property and infrastructure sectors. Along with the increasing demand for development, companies in this industry must be able to maintain stable and sustainable financial performance.

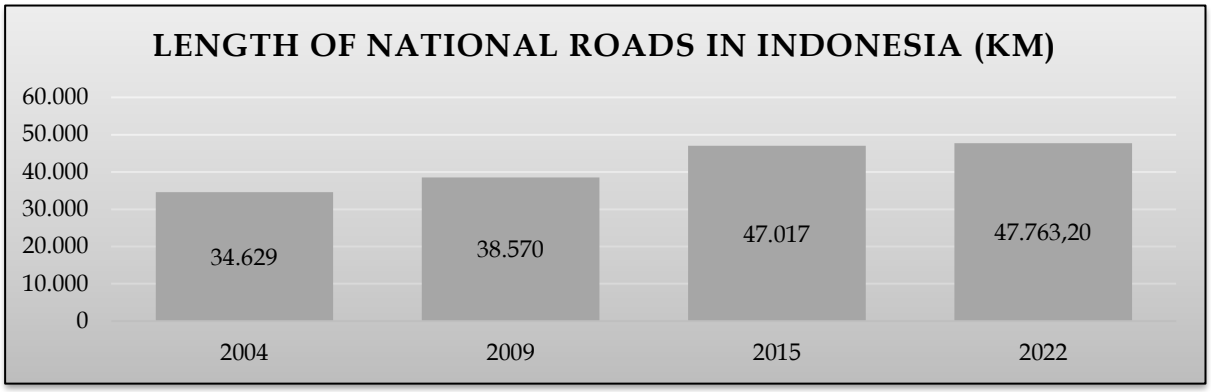


Figure 1: Data on the length of national roads in Indonesia from 2004 to 2022
Source: Ministry of Public Works and Public Housing, 2023

Based on Figure 1, the increase in the length of national roads in Indonesia from 2004 to 2022 was not very significant. Although there was growth from 34,629 km in 2004 to 47,763.20 km in 2022, this increase was relatively low over an 18-year period. In fact, from 2015 to 2022, the length of national roads only increased by about 1.59%, indicating that road infrastructure development has been gradual rather than a drastic surge. As a result, even though construction projects are still ongoing, their impact on sales and revenues of companies in the construction materials sector may not be as significant as expected.

Table 1
Construction materials sector stock prices 2019-2024

Company Code	Years 2019	2020	2021	2022	2023	2024
INTP	Rp. 19.025	Rp. 14.475	Rp. 12.100	Rp. 9.900	Rp. 9.400	Rp. 7.400
SMBR	Rp. 440	Rp. 1.065	Rp. 620	Rp. 386	Rp. 278	Rp. 204
SMCB	Rp. 1.180	Rp. 1.440	Rp. 1.690	Rp. 1.425	Rp. 1.345	Rp. 750
SMGR	Rp. 12.000	Rp. 12.425	Rp. 7.250	Rp. 6.575	Rp. 6.400	Rp. 3.290
WSBP	Rp. 304	Rp. 274	Rp. 114	Rp. 95	Rp. 50	Rp. 16
WTON	Rp. 450	Rp. 386	Rp. 246	Rp. 191	Rp. 108	Rp. 77

Source: processed data (IDX) 2025

Table 1 shows a downward trend in stock prices for most companies in the construction materials sector during the 2019–2024 period. This decline reflects a decrease in investor confidence in the construction materials industry, which is likely due to slowing infrastructure project growth. The insignificant increase in the length of national roads indicates that demand for construction materials such as cement, steel, and concrete may not increase significantly, which could ultimately impact the financial performance of companies in this sector. Given this urgency, this study aims to analyze how these factors affect the financial performance of companies in the construction materials industry listed on the Indonesia Stock Exchange (IDX) for the 2019-2024 period.

THEORETICAL REVIEW

Signaling Theory was first introduced by Michael Spence in 1973 and focuses on how one party provides information to another party to reduce uncertainty in decision making (Permana and Agustina 2021). This theory is often used to explain how companies send signals to investors through financial reports, dividends, capital structure, or other managerial policies. This aims to attract investor confidence and increase company value.

Financial Performance

According to Tria Intan Meilinda et al (2024), financial performance can describe whether a company is in good financial condition or not, which can be determined by analyzing the financial statements of the company concerned using financial ratio analysis methods. Yang & Maresova (2020) argue that financial performance refers to an objective measure of a company's profitability. Financial performance in this study is measured using Return on Assets (ROA) with the following formula *Return on Asset* (ROA) (Ajizah et al., 2023:137):

Return On Asset (ROA) = $\frac{Net\ Profit}{Total\ Asset}\ x\ 100$

Capital structure

Capital structure is defined as the combination or proportion of debt and equity (including preferred and common stock) used in financing a company (Tesema 2024). According to Cheratian et al., (2024) capital structure reflects how a company finances its operational activities. According to Arifin (2020) capital structure is a ratio that shows the comparison between debt and equity as well as important issues in spending decisions. Capital structure in this study is measured using the Debt to Equity Ratio (DER) with the following formula Debt to Equity Ratio (DER) (Astuti et al., 2021:197):

Debt to Equity Ratio (DER) = $\frac{Total\ Liabilitas}{Total\ Equitas}$

Sales Growth

Menurut Sinambela & Nuraini (2021) sales growth is a measure of a company's development that can be seen from the profit value in the financial statements obtained each year, thus it can be linked as a tool for company development. Sales growth can indicate a company's ability to increase its sales over time. The following is the measurement of sales growth (Ajizah et al., 2023:145):

Sales Grwoth = $\frac{sales\ in\ year\ t - sales\ in\ year\ (t-1))}{sales\ in\ year\ (t-1)}$ x 100%

Fixed Asset Turnover

According to Kasmir (2015:185) ixed asset turnover is a ratio used to measure how many times the funds invested in fixed assets turn over in a period or to measure whether a company is fully utilizing its fixed asset capacity. This ratio is used to measure the effectiveness of a company's fixed assets in generating sales, or in other words, to measure how effectively fixed asset capacity contributes to sales. The following is the formula for fixed asset turnover (Ajizah et al., 2023:139):

FATO = $\frac{Sales}{total\ fixed\ assets}$

Company Size

Company size is defined as the scale of a company that determines its resource capacity and ability to finance operational activities and innovation, where large companies tend to have more resources than small companies (Feng, Ma, and Wu 2025). Company size can be measured based on total capital, total assets, and total company revenue (Yudha, Oktavia, and Desriani 2023). he following is the measurement of the company size variable (Ajizah et al., 2023:62):

Company Size (*SIZE*) = *Ln* (total asset)

Hypothesis Development

Capital Structure and Financial Performance

According to Jessica & Triyani (2022) he amount of net profit after tax that a company will earn will be smaller if the capital structure ratio is higher, as more loans will result in more of the operating profit and cash flow being used to pay interest and principal. Previous research conducted by Yuliani (2021) states that capital structure has a negative effect on financial performance. Based on the above explanation, the following hypothesis is proposed:

H1: Capital structure has a negative impact on financial performance.

Sales Growth on Financial Performance

If sales growth increases, it will add to the company's profits (Tasmil, Malau, and Nasution 2019). Previous research conducted by Nainggolan et al (2022) states that sales growth has a positive effect on profitability or financial performance. From this explanation, the following hypothesis is proposed:

H2: Sales growth has a positive impact on financial performance

Fixed Assets Turnover on Financial Performance

Fixed assets turnover is a ratio used to measure whether a company has fully utilized its fixed assets capacity or not (Sari, Mansur, and Ridwan 2023). Thus, a high FATO value indicates that the company is utilizing all of its fixed assets to generate sales effectively. Research according to Helena et al., (2024) states that fixed asset turnover affects financial performance. Thus, the hypothesis proposed is:

H3: Fixed asset turnover has a positive impact on financial performance

Company Size on Financial Performance

The size of a company will affect its ability to bear risks that may arise from various situations faced by the company. Large companies have lower risks than small companies (Ernawati and Santoso 2022). oncluded that company size can have a positive effect on financial performance. Based on this, the hypothesis proposed is:

H4: Company size has a positive impact on financial performance

Capital Structure, Sales Growth, Fixed Asset Turnover, and Company Size on Financial Performance

When a company is able to fulfill fundamental factors in its internal finances, which consist of indicators such as capital structure, sales growth,

fixed asset efficiency, and company scale, the company's financial performance will be more optimal. This condition will increase the attractiveness of the company in the eyes of investors and other stakeholders, thereby contributing to overall business growth. Based on this, the hypothesis proposed is:
H5: Capital Structure, Sales Growth, Fixed Asset Turnover, and Company Size have an impact on Financial Performance..

RESEARCH METHOD

This research uses a quantitative approach. Based on Sugiyono (2015:7), quantitative research is a type of research that focuses on a specific population or sample by utilizing standardized research instruments. The data obtained in the form of numbers is then analyzed using statistical methods. In addition, this research also aims to test the hypotheses that have been formulated previously.

Research Object

In this study, the object studied is companies in the construction materials sector listed on the Indonesia Stock Exchange, with an observation period from 2019 to 2023.

Sampling Technique

The sampling technique in this study uses a non-probability sampling method, which is a technique that does not give equal opportunity to each element or member of the population to be selected as a sample (Sugiyono, 2015:85). The type of non-probability sampling method used is purposive sampling. The main characteristic of this sampling is that the sample members are selected specifically based on the research objectives. Of the 13 construction material companies listed on the Indonesia Stock Exchange, only 6 companies were sampled.

Research Variables

The independent variables in this study are Capital Structure (X1), Sales Growth (X2), Fixed Asset Turnover (X3), and Company Size (X4). Meanwhile, the dependent variables in this study are Financial Performance (Y).

Data Analysis Techniques

Consisting of Classical Assumption Tests, Descriptive Statistics, Multiple Linear Regression Tests, Hypothesis Tests, and Determination Coefficient Tests.

ANALYSIS AND DISCUSSION

Classical Assumption Tests

Table 2
Results of Classical Assumption Tests

Variable	Normality Test	Multicollinearity Test		Autocorrelation Test
		Tolerance	VIF	
Capital Structure (X1)		0.812	1.231	
Sales Growth (X2)	Sig	0.781	1.280	Durbin-Wotson
Fixed Asset Turnover (X3)	0.060	0.949	1.054	1.981
Company Size (X4)		0.957	1.045	

Source: data processed using SPSS V25 (2025) program

Based on the normality test results in Table 2, the Kolmogorov-Smirnov normality test results for the financial performance variable proxied by Return on Assets (ROA) obtained a significance value (Asymp. Sig. 2-tailed) of 0.060. This value is greater than the significance level of 0.05, so it can be concluded that the data is normally distributed. This means that there are no significant deviations from the normal distribution.
Based on the results of the multicollinearity test in Table 2, it is known that all independent variables have a tolerance greater than 0.10, namely 0.812; 0.781; 0.949; and 0.957. The VIF calculation results also show the same thing, where the independent variables have VIF values no greater than 10, namely 1.231; 1.280; 1.054; and 1.045. Therefore, it can be concluded that there is no multicollinearity between the independent variables in this study.
Based on the autocorrelation test results in Table 2, the Durbin-Watson (DW) value is recorded at 1.981. Since this value is within the range of -2 to +2, it can be concluded that the regression model with financial performance (ROA) as the dependent variable does not experience autocorrelation.
The heteroscedasticity test results show that the points are scattered randomly, do not form a specific pattern, and are spread above and below the number 0 on the Y-axis. Thus, it can be concluded that this regression model does not

experience heteroscedasticity problems.

Table 3
Descriptive Statistics Test

	N	Minimum	Maximum	Mean	Std. Deviation
Financial performance (Y)	36	-45.09	11.33	.3139	10.92740
Capital Structure (X1)	36	-7.73	8.12	.4675	2.30892
Sales Growth (X2)	36	-70.38	49.42	-.2800	21.94427
Fixed Asset Turnover (X3)	36	.37	2.24	.8317	.42413
Company Size (X4)	36	28.92	32.05	30.3828	.97147
Valid N (listwise)	36				

Source: data processed using SPSS V25 program (2025)

Descriptive Statistics Test

Based on Table 3, financial performance (ROA) has a minimum value of -45.09 and a maximum of 11.33, with an average of 0.8063 and a standard deviation of 10.73006, indicating high profitability variation between companies. Capital Structure (DER) has an average of 0.5717 and a standard deviation of 2.43229, with a minimum value of -7.73 and a maximum of 8.12, reflecting a fairly varied level of leverage. Sales Growth (SG) has an average of -1.8033 and a standard deviation of 23.00667, with a minimum value of -70.38 and a maximum of 49.42, indicating large fluctuations between companies. Fixed Asset Turnover (FATO) ranges from 0.37 to 2.24, with an average of 0.8263 and a standard deviation of 0.44282, indicating a relatively stable distribution. Company Size (SIZE) has a minimum value of 29.13 and a maximum of 32.05, with an average of 30.4113 and a standard deviation of 0.94412, indicating that the size of the companies in the sample is fairly uniform. Overall, ROA and SG are the variables with the highest level of value dispersion.

Multiple Linear Regression Test

Table 4: Multiple Linear Regression Test Results and Hypothesis Test

Variable	Regression Coefficient	T test Calculated t	Table t	Sig	F Test	Coefficient of Determination Test
Constant	-51.781	-0.492		.627		
Capital Structure (X1)	-5.834	-4.193		.000		
Sales Growth (X2)	0.198	3.611	2.032	.001	Sig 0.000	Adjusted R Square 0.661
Fixed Asset Turnover (X3)	4.589	2.247		.033		
Company Size (X4)	15.671	0.509		.615		

Sumber: data diolah menggunakan program SPSS V25 (2025)

Based on Table 4, the results of the Coefficients are to see the multiple linear regression equation with statistics for each independent variable, which can be formulated with the following equation:

Y = a + b1X1 + b2X2 + b3X3 + b4X4 + et

Financial Performance = -51,781 – 5,834(X1) + 0,198(X2) + 4,589(X3) + 15,671(X4) + et

Explanation:

Y = Financial performance
a = Constant
b1 = Capital Structure
b2 = Sales Growth
b3 = Fixed Asset Turnover
b4 = Company Size
et = Error term

Hypothesis Testing

Based on the t-test results in Table 4, for criteria conducted at a level of α = 5% with a t-value for n = 36 - 2 = 34 of 2.032, it is known that:

1. The t-value for the capital structure variable in this study is -4.193 and the t-table value is 2.032 with a p-value of 0.000, which means that the value is less than 0.05. Therefore, it can be concluded that H0 is rejected and H1 is accepted, so it can be said that capital structure has a negative and significant effect on financial performance.
2. The t-value for the sales growth variable in this study is 3.611 and the t-table is 2.032 with a p-value of 0.001, which means that the value is less than 0.05. Therefore, it can be concluded that H0 is rejected and H2 is accepted, so it can be said that sales growth has a positive and significant effect on financial performance.
3. The t-value for the fixed asset turnover variable in this study is 2.247 and the t-table is 2.032

with a p-value of 0.033, which means that the value is less than 0.05. Therefore, it can be concluded that H0 is rejected and H3 is accepted, so it can be said that fixed asset turnover has a positive and significant effect on financial performance.

4. The t-value for the company size variable in this study is 0.509 and the t-table is 2.032 with a p-value of 0.615, which means that the value is greater than 0.05. Therefore, it can be concluded that H0 is accepted and H4 is rejected, so it can be said that company size does not affect financial performance.

Based on the F test results in Table 4, it is known that the p-value is 0.000, which means that the value is less than 0.05. Therefore, it can be concluded that H0 is rejected and H5 is accepted, so that simultaneously or collectively, the independent variables in this study (capital structure (DER), sales growth (SG), fixed asset turnover (FATO), and company size (SIZE)) have a significant effect on financial performance.

The Adjusted R^2 value of 0.661 means that 66.1% of the variability in financial performance is influenced by capital structure (DER), sales growth (SG), fixed asset turnover (FATO), and company size (SIZE), while the remaining 33.9% (100%–66.1%) is influenced by other factors not examined in this study.

DISCUSSION

The Effect of Capital Structure on Financial Performance

Based on the t-test results, it is known that the coefficient value of the capital structure variable is -4.193 with a significance value of 0.000, which is less than 0.05. Therefore, it can be concluded that capital structure has a negative and significant effect on the financial performance of construction material companies listed on the IDX for the period 2019-2024. The negative coefficient value indicates that capital structure has a negative (opposite) direction on financial performance. This shows that if there is an increase in capital structure (DER), financial performance (ROA) will decrease. Conversely, if there is a decrease in DER, financial performance (ROA) will increase. This is due to an increase in the amount of loans, which results in most of the operating profit being used to pay interest expenses and loan principal. Although debt can be used for business expansion and to increase profit potential, a high level of debt can actually increase financial risk, which ultimately makes investors less interested in investing. The results of this study are in line with previous research conducted by Yuliani (2021), which states that capital structure with the Debt to Equity Ratio (DER) proxy has a negative and significant effect on financial performance (ROA). but this study contradicts the research by Citarayani & Saputro (2023) which states that capital structure with the Debt to Equity Ratio (DER) proxy has no effect and is not significant on financial performance.

The Effect of Sales Growth on Financial Performance

Based on the t-test results, it is known that the coefficient value of the sales growth variable is 3.611 with a significance value of 0.001, which is smaller than 0.05. Therefore, it can be concluded that sales growth has a positive and significant effect on the financial performance of construction material companies listed on the IDX for the period 2019-2024. The positive coefficient value indicates that sales growth has a positive (unidirectional) effect on financial performance. This shows that if there is an increase in sales growth, financial performance (ROA) will increase. Furthermore, if there is a decline in sales growth, financial performance (ROA) will decline. This increase indicates better financial performance, as the company is able to manage its resources and assets more efficiently to generate profits. The results of this study are in line with previous research conducted by Tasmil et al., (2019) which states that sales growth has a positive and significant effect on financial performance (ROA). However, this study does not agree with the research by Purwaningsih & Kurniawati (2022) which states that sales growth has no effect on financial performance.

Fixed Asset Turnover on Financial Performance

Based on the t-test results, it is known that the coefficient value of the fixed asset turnover variable is 2.247 with a significance value of 0.033, which is smaller than 0.05. Therefore, it can be concluded that fixed asset turnover has a positive and significant effect on the financial performance of construction material companies listed on the IDX for the period 2019-2024. This means that the higher the efficiency of fixed asset utilization in generating sales, the better the company's financial performance, as reflected in an increase in Return on Assets (ROA). These results indicate that companies that are able to maximize the use of their fixed assets to generate optimal sales tend to have higher profitability. Efficiency in fixed asset management is an important factor because it can reduce depreciation and maintenance costs and increase the contribution of fixed assets to company profits. Thus, fixed asset turnover can be used as a relevant indicator in assessing the operational effectiveness and financial performance of a company. This study is in line with

previous research conducted by Helena et al., (2024) which states that fixed asset turnover has a positive and significant effect on financial performance (ROA). However, this study contradicts the research by Sukawati & Hernawati (2021) which states that fixed asset turnover has no effect on financial performance (ROA).

Company Size on Financial Performance

Based on the t-test results, it is known that the coefficient value of the company size variable is 0.509 with a significance value of 0.6a5 greater than 0.05, so it can be concluded that company size does not affect financial performance in construction material companies listed on the IDX for the 2019-2024 period. This is because large companies do not necessarily have good financial performance. Large companies often face more complex strategic considerations and risks, including high liabilities. These conditions can limit the company's room to maneuver for expansion or new investments. In many cases, large companies choose to postpone expansion until most of their debts are paid off. As a result, growth and profitability potential do not automatically increase simply because of the large scale of the business. In addition, large companies are not necessarily efficient in managing their assets and resources. Complex organizational structures, high fixed costs, and operational inefficiencies can be obstacles to achieving optimal financial performance. Therefore, the size of a company is not always directly proportional to its profitability or financial efficiency. These findings indicate that investors should not only assess investment prospects based on company size, but also consider other factors. The results of this study support the findings of a study conducted by Septiano & Mulyadi (2023) which revealed that company size does not affect financial performance (ROA). This differs from the results of previous research conducted by Meisaroh & Dewi (2023), which stated that company size has a negative and significant effect on financial performance (ROA).

The Effect of Capital Structure, Sales Growth, Fixed Asset Turnover, and Company Size on Financial Performance

The results of this study indicate that simultaneously (F test), the four variables, namely capital structure, sales growth, fixed asset turnover, and company size, have a positive and significant effect on financial performance because the significance value is 0.000, which is less than 0.05. The coefficient of determination shows that the Adjusted R square value is 0.661. In other words, 66.1% of financial performance can be explained by capital structure (DER), sales growth (SG), fixed asset turnover (FATO), and company size (SIZE). The remaining 33.9% is explained by other variables outside the scope of this study.

CONCLUSION

The results show that capital structure partially has a negative and significant effect on the financial performance of construction material companies listed on the IDX during the period 2019–2024. Sales growth and fixed asset turnover have a positive and significant effect on financial performance, while company size does not show a significant effect. Simultaneously, capital structure, sales growth, fixed asset turnover, and company size have a positive and significant effect on financial performance. The coefficient of determination value of 0.661 indicates that the variables in the model are able to explain 66.1% of the variation in financial performance, while the rest is influenced by other factors outside this study.

Companies in the construction materials sector are advised to manage their capital structure carefully by reducing their dependence on debt and considering equity financing to maintain profitability stability. Performance can also be improved through more effective marketing strategies, accelerated sales growth, and more efficient fixed asset management so that assets can be utilized optimally. Since company size does not significantly affect financial performance, the main focus should be on internal efficiency and cost control. From an investor's perspective, capital structure needs to be a primary consideration in investment decisions, given that high debt levels have been shown to reduce financial performance. Companies with positive sales growth and high efficiency in the use of fixed assets are more worthy of consideration, while company size cannot be used as a benchmark, so investors need to assess management's ability to manage resources effectively and maintain profitability.

This study has limitations in terms of the relatively small sample size, which consists of only six companies, so the generalization of the findings is still limited. The variables used also only cover capital structure, sales growth, fixed asset turnover, and company size, so they do not describe all the factors that can affect financial performance. Future research should add other variables such as operational efficiency, dividend policy, liquidity ratio, and macroeconomic factors to provide a more comprehensive understanding of the determinants of financial performance. In addition, the scope of the research period can be expanded or different analysis methods can be used to obtain more robust results.

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