

## **ABSTRACT**

*One way that can be used to obtain optimal profit is to reduce the cost of production and operational costs to be issued company. The better the quality of the raw material will be lower the level of damage to the production. The high cost of production has an impact on the level of sales. In quantity, a company already limits its production by adjusting to the production cost to be incurred. When the product results in a reduced quantity of course also affects the profit earned.*

*This study aims to determine the effect of cost of production, operational costs, and net sales of net profit in textile substrate manufacturing companies listed in Indonesia Stock Exchange in 2012-2016 either simultaneously or partially.*

*The method in this research is quantitative research method. The sampling technique used in this research is purposive sampling technique which get 14 research samples within 5 year period so that got 70 sample unit. The analysis method used in this research is multiple linear regression analysis using SPSS software.*

*Based on the result of this research, the result of combination between independent variable consisting of cost of production, operational cost, and net sales can explain dependent variable that is 85% net profit, while the rest is 15% influenced by other variable outside of research.*

*The results of this study also indicate that the cost of production, operating costs, and net sales have a significant simultaneous effect on net income. Partially, the cost of production and operational costs have a significant effect on net income in a negative direction, and net sales have a significant effect on net income in a positive direction.*

**Keywords:** *Cost of Production, Operational Cost, Net Sales, Net Income*