

ABSTRACT

Exposure are considered as a risk prone affair. The importance of handling economic exposure in a company will have a significant impact towards their longterm financial management. The increasing need of Information and communication services has given a large impact towards telecommunication providing companies. However, the dependency of Indonesia's telecommunication companies towards foreign exchange value, causes fluctuation of foreign currency such as US\$ to increase as well as impact the performance of these company directly or indirectly.

This research is conducted to find the influence of currency exchange on economic exposure towards the performance of a telecommunication company shown in its stock prices. Understanding the heights of economic exposure could help a company in analyzing the risks that could convey negative outcome. Thus, a company can avoid loss due to the effects of exposure.

The method used in this research is Multiple linear regression, F test, and t test to validate the hypothesis. Multiple linear regression in this research is utilized to determine the influence of currency rate, the composite stock price index, and inflation towards changes in stock prices percentage. F test and t test is utilized to determine the effect of independent variables towards the dependent variable simultaneously and partially.

The result of F test is simultaneously economic exposure is not affecting toward telecommunication stock prices, and as being tested by t test to know the effect of each variables partially, currency rate percentage, the composite stock price index percentage, and inflation rate percentage has no effect towards the telecommunication stock prices. The biggest variable that is contributing to the shift of stock price is the composite stock price index percentage.

Keywords: *Economic Exposure, Stock Prices, Currency Rate, the Composite Stock Price Index Percentage, and Inflation.*