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The Effect of Capital Expenditure, Cash Conversion Cycle, and Leverage on Financial Performance with Firm Value as a Moderating Variable (A Case Study on Healthcare Sector Companies in 2020–2024)

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ABSTRACT

This study aims to determine the effect of Capital Expenditure, Cash Conversion Cycle, and Leverage as independent variables on Financial Performance as the dependent variable, with Firm Value as a moderating variable. The population in this study consists of healthcare sector companies listed on the Indonesia Stock Exchange during the period 2020–2024, The type of data used in this study is quantitative data sourced from annual financial reports or from annual reports. The sampling technique used in this study is purposive sampling, the data source in this study is secondary data. With a total population of 37 companies in the health sector and a selected sample of 20 companies observed over a 5-year period, resulting in a total of 100 observations. This study employs SmartPLS version 3.2.9 for data analysis. The results of the study indicate that Capital Expenditure has no significant effect on Financial Performance, Cash Conversion Cycle has no significant effect on Financial Performance, Leverage has a significant effect on Financial Performance, Firm Value moderates the relationship between Capital Expenditure and Financial Performance, Firm Value does not moderate the relationship between Cash Conversion Cycle and Financial Performance, and Firm Value moderates the relationship between Leverage and Financial Performance.

Keyword: Cash Conversion Cycle, Capital Expenditure, Company Value, Financial Performance, Leverage

INTRODUCTION

The healthcare industry in Indonesia continues to experience growth in line with the increasing demand from society for quality healthcare services. With a growing population, this sector faces its own challenges, particularly in providing equitable access to healthcare services, especially in remote areas. In recent years, the Indonesian government has launched various healthcare programs, such as the National Health Insurance (JKN) through BPJS Kesehatan, to improve both accessibility and quality of healthcare services. In addition, the healthcare industry also encompasses various services, including hospitals, clinics, pharmaceuticals, and health technology to support the current healthcare system. This indicates that the healthcare sector in Indonesia has great potential for growth, although it still faces several challenges such as limited infrastructure, medical personnel, and financing. The performance of healthcare sector companies listed on the Indonesia Stock Exchange (IDX) in 2024 has shown fluctuations across several issuers. One such case is PT Siloam International Hospitals Tbk. (SILO), which recorded a decline in financial performance during the first quarter (Q1) of 2024. Although SILO experienced revenue growth of IDR 3.02 trillion, an increase of 14.04% compared to IDR 2.65 trillion in Q1 of the previous year, its net profit fell sharply by 94.52%, reaching only IDR 13.67 billion in Q1 2024 compared to IDR 249.61 billion in Q1 2023. The decline in net profit was due to a significant increase in other net expenses, rising from IDR 43.67 billion in Q1 2023 to IDR 351.03 billion in Q1 2024. This occurred as a result of impairment losses on other non-current assets amounting to IDR 98.46 billion and impairment losses on fixed assets amounting to IDR 154.43 billion (https://industri.kontan.co.id/). In addition to hospitals, pharmaceutical companies have also recorded declining performances. For example, the state-owned enterprise PT Phapros Tbk (PEHA) reported a net loss of IDR 29.44 billion in Q1 2024, compared to a net profit of IDR 4.57 billion in the same period in 2023 (https://id.tradingview.com/). Another state-owned pharmaceutical company, PT Kimia Farma Tbk (KAEF), also reported a net loss of 137.9% or IDR 421.8 billion in Q3 2024, compared to a net loss of IDR 177.3 billion in the same period the previous year. Although KAEF recorded a slight increase in sales revenue of 1.94% to IDR 7.68 trillion compared to IDR 7.72 trillion in the previous year, the cost of goods sold rose to IDR 5.51 trillion from IDR 4.89 trillion in the same period the year before. As a result, gross profit in Q3 2024 decreased by 16.37% to IDR 2.35 trillion from IDR 2.81 trillion (https://industri.kontan.co.id/).

According to Mahendra & Susilowati (2022), capital expenditure contributes to a company's financial performance because if a company is able to improve its fixed assets through capital expenditure, it has the potential to achieve better financial performance, as this reflects the company's ability to manage its assets effectively. However, this finding contradicts Yuliyanti (2023), who argues that capital expenditure has no effect on a company's financial performance. The cash conversion cycle (CCC) represents the interval required for a company to convert cash invested in purchasing and managing inventories into accounts receivable, and ultimately into cash when customers settle their payments, which can then be reinvested as working capital. According to Prakoso & Widyarti (2023), the cash conversion cycle negatively affects financial performance. On the contrary, Putri (2023) found that the cash conversion cycle positively influences a company's financial performance Financing through debt may increase the risk of bankruptcy, as it heavily relies on the company's equity in relation to its assets. Susilawati & Purnomo (2023) argue that leverage affects financial performance when measured through profitability because companies can fund their operational activities and generate the expected cash flows to repay their debts. However, Yuliyanti (2023) found that leverage does not have a significant effect on financial performance, as companies must continuously improve the effectiveness of capital

management to ensure that profits are sufficient to reduce debt and allow the business to survive.

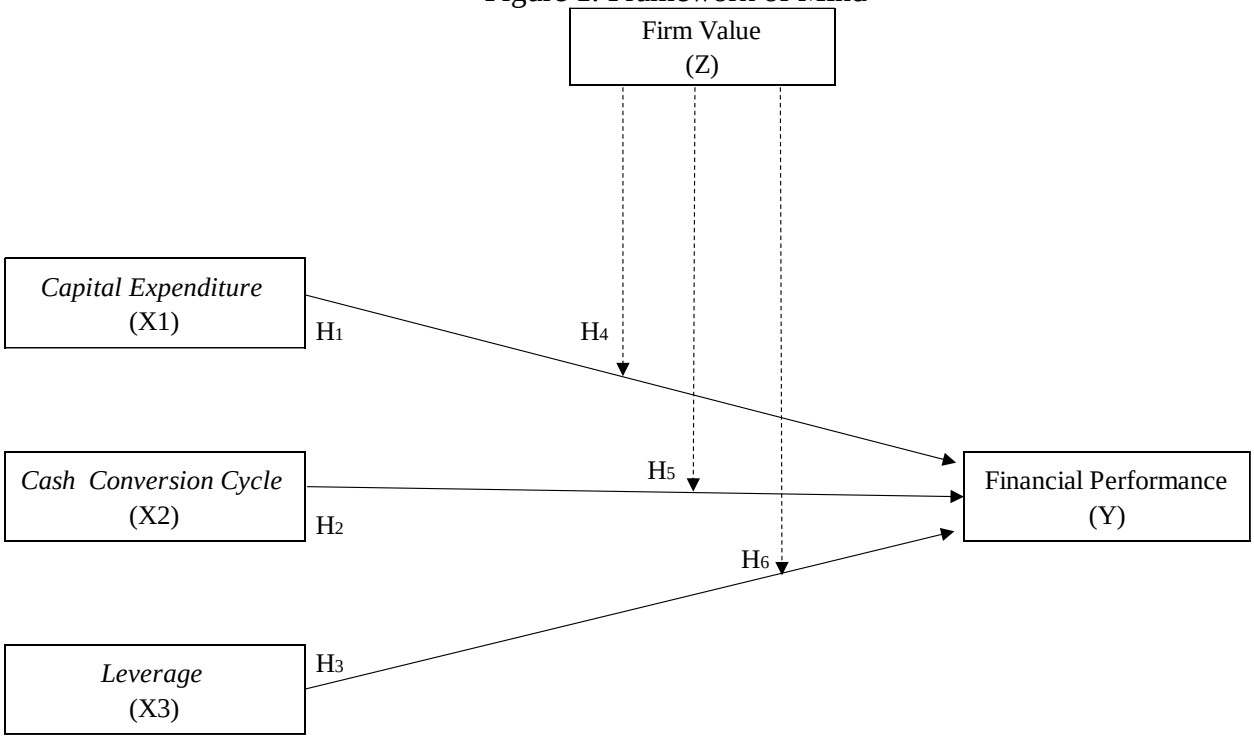
Research Objectives

Based on the background of the problems described above, the objectives of this study are as follows:

1. To analyze whether Capital Expenditure has an effect on Financial Performance.
2. To analyze whether the Cash Conversion Cycle has an effect on Financial Performance.
3. To analyze whether Leverage has an effect on Financial Performance.
4. To analyze whether Firm Value is able to moderate the relationship between Capital Expenditure and Financial Performance.
5. To analyze whether Firm Value is able to moderate the relationship between the Cash Conversion Cycle and Financial Performance.
6. To analyze whether Firm Value is able to moderate the relationship between Leverage and Financial Performance.

Framework of Mind

Figure 1. Framework of Mind



Description:

→ = Parsial

- - - - - - - - = Moderation

Hypothesis Formulation

The Effect of Capital Expenditure on Financial Performance

With the addition of new assets, where the company's expenditures are used to acquire long-term fixed assets, the company is expected to increase operational productivity so that it can generate higher profits. Thus, as the company's profits increase, its financial performance is also expected to improve. In addition, capital expenditure can optimize the company's cash flow. According to Mahendra & Susilowati (2022), Capital Expenditure has an effect on Financial Performance, as companies potentially achieve good financial performance when

they are able to manage their fixed assets effectively. However, this result contradicts Yuliyanti (2023), who stated that Capital Expenditure does not affect Financial Performance. Based on these findings, the proposed hypothesis is as follows:

H_1: Capital Expenditure (CAPEX) affects Financial Performance

The Effect of Cash Conversion Cycle (CCC) on Financial Performance

The Cash Conversion Cycle (CCC) is the time lag between payments for working capital and the collection of cash from sales of inventory, which involves working capital. A shorter cash conversion cycle enables companies to obtain cash more quickly, thereby restoring their working capital. According to Budiyani (2023), the Cash Conversion Cycle consists of three components: receivables period, inventory period, and payables period. CCC is obtained by adding the receivables period and inventory period, then subtracting the payables period.

Putri (2023) found that the Cash Conversion Cycle has an effect on Financial Performance. However, this result differs from Prakoso & Widyarti (2023), who stated that the Cash Conversion Cycle does not affect Financial Performance. Based on these findings, the proposed hypothesis is as follows:

H_2: Cash Conversion Cycle (CCC) affects Financial Performance

The Effect of Leverage on Financial Performance

Leverage is a tool to measure the effectiveness of a company's debt utilization, aimed at showing the extent to which a company's assets are financed by debt compared to equity. The use of leverage does not necessarily result in profit; it can also lead to losses. A high leverage ratio indicates higher investment risk, whereas a lower leverage ratio indicates lower investment risk.

According to Lanskyaris et al. (2024), Leverage does not have a significant effect on Financial Performance. This finding contradicts Aiman & Rahayu (2019), who stated that Leverage affects Financial Performance. Based on these findings, the proposed hypothesis is as follows:

H_3: Leverage affects Financial Performance

Firm Value as a Moderator of the Effect of Capital Expenditure on Financial Performance

Capital Expenditure refers to the spending made by a company to meet its long-term investment needs through the acquisition, improvement, or maintenance of fixed assets in order to enhance operational effectiveness. This expenditure is used for activities such as purchasing or improving long-term assets so they may provide long-term benefits to the company (Luckyanti & Anwar, 2022).

According to Lanskyaris et al. (2024), Capital Expenditure affects Firm Value. However, this result is inconsistent with Budiyani (2023), who stated that Capital Expenditure does not affect Firm Value. Based on these findings, the proposed hypothesis is as follows:

H_4: Firm Value moderates (strengthens) the effect of Capital Expenditure (CAPEX) on Financial Performance

Firm Value as a Moderator of the Effect of Cash Conversion Cycle (CCC) on Financial Performance

According to Keown (2014:23) in Yaswat et al. (2021), the Cash Conversion Cycle consists of three distinct stages. The first stage represents inventory and the time required to sell it, measured using Days Inventory Outstanding (DIO). The second stage represents credit sales and the time required to collect cash from them, measured using Days Sales Outstanding (DSO). The third stage represents accounts payable, showing how much the company owes and how long it takes to settle its obligations, measured using Days Payable Outstanding (DPO).

Yaswat et al. (2021) found that the Cash Conversion Cycle has an effect on Firm Value. However, this contradicts Devitha & Pangestuti (2022), who stated that the Cash

Conversion Cycle does not affect Firm Value. Based on these findings, the proposed hypothesis is as follows:

H_5: Firm Value moderates (strengthens) the effect of Cash Conversion Cycle (CCC) on Financial Performance

Firm Value as a Moderator of the Effect of Leverage on Financial Performance

Leverage reflects the company's ability to fulfill all of its financial obligations when facing potential liquidation. Leverage serves as an estimate to assess the risks within a company. A high leverage ratio indicates that the company has more liabilities compared to its assets or equity, while a lower ratio reflects the opposite.

According to Felicia (2024), Leverage has an effect on Firm Value. However, this finding contradicts Chynthiawati & Jonnardi (2022), who found that Leverage does not affect Firm Value. Based on these findings, the proposed hypothesis is as follows:

H_6: Firm Value moderates (strengthens) the effect of Leverage on Financial Performance

METHOD

In this research, the researcher uses a quantitative research method to explain the effect of Capital Expenditure (CAPEX), Cash Conversion Cycle (CCC), and Leverage as independent variables, financial performance as the dependent variable, and firm value as the moderating variable. This study uses secondary data obtained from healthcare sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020–2024.

Sample & Population

The population in this study consists of healthcare sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2024, with a total population of 37 companies. The sampling technique used in this research is purposive sampling. The criteria for sample selection are as follows:

Table 1. Sample Selection Criteria

No	Kriteria	Data
1	Healthcare sector companies listed on the Indonesia Stock Exchange (IDX) and whose shares were actively traded during the 2020–2024 period.	37
2	Minus healthcare sector companies that conducted an IPO after 2020–2024 on the Indonesia Stock Exchange website (www.idx.co.id), company websites, and other supporting sources.	-16
3	Minus healthcare sector companies that were delisted during the 2020–2024 period.	-1
	Total sample used as the object of research.	20
	Total sample data during the 5-year observation period (20 × 5 years).	100

Source: Processed Data by the Author (2025)

Tabel 2. Company Sample

No	Kode	Nama Perusahaan
1	DVLA	Darya-Varia Laboratoria Tbk.
2	INAF	Indofarma Tbk.
3	KLBF	Kalbe Farma Tbk.
4	MERK	Merck Tbk.
5	MIKA	Mitra Keluarga Karyasehat Tbk.

6	PYFA	Pyridam Farma Tbk
7	SAME	Sarana Meditama Metropolitan Tbk
8	SIDO	Industri Jamu dan Farmasi Sido
9	SILO	Siloam International Hospitals
10	SRAJ	Sejahteraraya Anugrahjaya Tbk.
11	TSPC	Tempo Scan Pacific Tbk.
12	PRDA	Prodia Widyahusada Tbk.
13	PRIM	Royal Prima Tbk.
14	HEAL	Medikaloka Hermina Tbk.
15	PEHA	Phapros Tbk.
16	IRRA	Itama Ranoraya Tbk.
17	SOHO	Soho Global Health Tbk.
18	DGNS	Diagnos Laboratorium Utama Tbk
19	CARE	Metro Healthcare Indonesia Tbk
20	KAEF	Kimia Farma Tbk.

Source: Processed Data by the Author (2025)

Data Analysis Technique

Descriptive Statistical Analysis

According to Ghozali (2018:19), descriptive statistics provide an overview or description of data based on the mean, standard deviation, variance, maximum value, minimum value, kurtosis, and skewness (distribution skewness). Descriptive statistical testing can also serve as a depiction of the research object through sample or population data collection without conducting further analysis or making general conclusions. The data processing in this study is carried out using SmartPLS version 3.2.9.

Multicollinearity Test

According to Ghozali (2018:107), the multicollinearity test aims to examine whether there is a correlation among independent variables in the regression model. A good regression model should not have correlations among independent variables. To detect the presence of multicollinearity, tolerance and variance inflation factor (VIF) values are used.

If the tolerance value is low, the VIF will be high (since VIF = 1/Tolerance). If the VIF value is less than 10, multicollinearity does not exist in the data; conversely, if the VIF value is greater than 10, multicollinearity exists in the data.

Validity Test

In this study, validity testing was carried out on latent constructs using construct validity, where variables can be measured by multiple indicators and tested through factor analysis. Construct validity is assessed through:

Convergent Validity, measured using the factor loading value of latent variables against all indicators. The purpose of this test is to measure the extent to which each indicator represents the intended variable. A construct is considered valid if the loading value ≥ 0.70. Average Variance Extracted (AVE), used to measure the extent to which indicators explain a construct. A construct is valid if the AVE value ≥ 0.50.

Reliability Test

Reliability testing can be measured as follows:

Composite Reliability, used to assess the reliability level of indicators within a construct. A construct is considered reliable if the Composite Reliability value ≥ 0.70. Cronbach's Alpha,

used to support composite reliability testing. Reliability is considered acceptable if the value for each variable ≥ 0.70.

Coefficient of Determination (R^2) Test

According to Ghozali (2018:97), the coefficient of determination (R^2) measures the extent to which the model can explain variations in the dependent variable. Thus, R^2 indicates how much changes or variations in a variable can be explained by other variables. This coefficient plays an important role in ensuring that the model is free from bias, as it measures the percentage influence of all independent variables on the dependent variable.

F-Square Test

According to Ghozali (2018), the F-Square test is used to determine the goodness of fit in the research model. The F^2 values of 0.02 (small effect), 0.15 (medium effect), and 0.35 (large effect) are used to interpret whether a predictor latent variable has a weak, moderate, or strong influence at the structural level.

Q-Square Test

The Q^2 (Predictive Relevance) test is used to evaluate the predictive strength of the model and to measure the model's ability to predict endogenous indicators in the structural model. Q^2 values are calculated using the blindfolding technique, with values of 0.02 (small effect), 0.15 (medium effect), and 0.35 (large effect).

Partial Effect (t-test)

According to Ghozali (2018:98), the t-test shows the extent of influence of each independent variable individually in explaining the dependent variable. This test compares the t-statistic (t-count) with the critical value from the t-table. The test uses a significance level (α = 5%) or 0.05.

If the significance value of t < 0.05, the hypothesis is accepted, meaning the independent variable has a significant effect on the dependent variable (or if t-count > t-table). If the significance value of t > 0.05, the hypothesis is rejected, meaning the independent variable does not significantly affect the dependent variable (or if t-count < t-table).

Operational Variables

Table 3. Operational Variables and Measurement of Variables

No.	Variables measured	Variable Type	Indicator	Scale
1	*Capital Expenditure* (CAPEX)	Independen	$\text{CAPEX} = \frac{\text{Fixed Assets - Fixed Assets-1}}{\text{Total Assets}}$	Ratio
2	*Cash Conversion Cycle* (CCC)	Independen	CCC = DIO + DSO - DPO	Ratio
3	*Leverage*	Independen	$\text{DAR} = \frac{\text{Total Debt}}{\text{Total Assets}}$	Ratio
4	Financial Performance	Dependen	$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$	Ratio
5	Firm Value	Moderasi	$Q = \frac{(\text{Close Price x number of shares outstanding}) + \text{Total Debt}}{\text{Total Assets}}$	Ratio

Source: Processed Data by the Author (2025)

The data analysis technique in this study employs Partial Least Square (PLS) using SmartPLS 3.2.9 software. The analysis is conducted in two stages: measurement model evaluation (outer model) to test validity and reliability, and structural model evaluation (inner model) to examine the relationships among variables and their significance levels. In addition, a moderation analysis is performed to determine the role of Firm Value in strengthening or weakening the influence of Capital Expenditure, Cash Conversion Cycle, and Leverage on Financial Performance.

RESEARCH RESULTS

Table 4. Descriptive Statistical Test Results

Keterangan	Min	Max	Mean	Std. Deviasi
CAPEX	- 378.062.433.000	1.900.459.000.000	187.567.971.653	393.447.349.781
CCC	-610,3073	386,7316	85,7113	122,8708
Leverage	0,04496	2,85072	0,40178	0,36978
Financial Perfomance	-0,9489	0,39741	0,05153	0,15655
Firm Value	0,28786	8,03874	2,38233	1,70790

Source: Processed Data by the Author (2025)

Table 4 presents the results of the descriptive analysis test with a total sample of 20 companies over a period of 5 years in the healthcare sector companies listed on the Indonesia Stock Exchange for the period 2020–2024.

Table 5. Multikolonieritas Test

Variabel	VIF
Capital Expenditure	1,000
Cash Conversion Cycle	1,000
Leverage	1,000
Firm Value	1,000
Firm Value * Capital Expenditure	1,000
Firm Value * Cash Conversion Cycle	1,000
Firm Value * Leverage	1,000

Source: Processed Data by the Author (2025)

The results of the multicollinearity test show that the VIF values for all independent variables and moderation interaction terms are 1.000, which is less than 10. Therefore, it can be concluded that there is no significant multicollinearity among the independent variables in the regression model.

Table 6. Validity Konvergen Test

Variabel	*Outer Loading*	Description (≥ 0,70)
Capital Expenditure (X_1)	1,000	Valid
Cash Conversion Cycle (X_2)	1,000	Valid
Leverage (X_3)	1,000	Valid
Financial Perfomance (Y)	1,000	Valid
Firm Value (Z)	1,000	Valid
Capital Expenditure (X_1) * Firm Value (Z)	0,740	Valid
Cash Conversion Cycle (X_2) * Firm Value (Z)	0,745	Valid
Leverage (X_3) * Firm Value (Z)	0,968	Valid

Source: Processed Data by the Author (2025)

Based on Table 6, it can be seen that the results of the convergent validity test show an outer loading value of 1.000, which is greater than the required threshold of 0.70. From these results, it can be concluded that the data for each variable is valid, meaning that the indicators are reliable in measuring the intended construct.

Table 7. Reability – Cronbach's Alpha Test

Variabel	*Cronbach's Alpha*
Capital Expenditure (X1)	1,000
Cash Conversion Cycle (X2)	1,000
Leverage (X3)	1,000
Financial Performance (Y)	1,000
Firm Value (Z)	1,000

Source: Processed Data by the Author (2025)

Based on table 7, the variables Capital Expenditure (CAPEX), Cash Conversion Cycle (CCC), Leverage, Financial Performance, and Firm Value have Cronbach's Alpha values greater than 0.7. This means that, according to the reliability test using Cronbach's Alpha, all the tested variable indicators meet the required criteria.

Tabel 8. F Square Test

Variabel	Financial Performance (Y)	Influence Category
Capital Expenditure (X1)	0,000	Little Influence
Cash Conversion Cycle (X2)	0,000	Little Influence
Leverage (X3)	0,468	Big Influence
Firm Value (Z)	0,034	Modarate Influence
Financial Performance (Y)		

Source: Processed Data by the Author (2025)

Based on the F-Square test results above, it is determined that the Capital Expenditure (CAPEX) variable has a small effect on Financial Performance with a value of 0.000, the Cash Conversion Cycle (CCC) variable has a small effect on Financial Performance with a value of 0.000, the Leverage variable has a large effect on Financial Performance with a value of 0.468, and the Firm Value variable has a moderate effect on Financial Performance with a value of 0.034.

Tabel 9. Q Square Test

Variabel	SSO	SSE	Q^2 (=1-SSE/SSO)
Capital Expenditure (X1)	100,000	100,000	
Cash Conversion Cycle (X2)	100,000	100,000	
Leverage (X3)	100,000	100,000	
Financial Performance (Y)	100,000	41,150	0,588
Firm Value (Z)	100,000	100,000	

Source: Processed Data by the Author (2025)

Based on Table 9, the Q-square value for the Financial Performance variable is greater than 0, with a value of 0.588. This indicates that the research model has predictive relevance, meaning that the endogenous variable, Financial Performance, can be well predicted by the exogenous variables Capital Expenditure (CAPEX), Cash Conversion Cycle (CCC), and Leverage.

Table 10. Coefficient of Determination Test (R^2)

Descriptions	R^2 (R *Square*)	R *Square Adjusted*
Financial Perfomance (Y)	0,732	0,712

Source: Processed Data by the Author (2025)

The results of the test in the table above show that the R^2 (R Square) value is 0.732 and the Adjusted R Square is 0.712. The R^2 (R Square) value of 0.732, or 73.20%, indicates that the Financial Performance variable is influenced by Capital Expenditure (CAPEX), Cash Conversion Cycle (CCC), Leverage, and Firm Value, while the remaining 26.80% is influenced by other factors outside the variables of this study. Similarly, the Adjusted R Square value of 0.712, or 71.20%, indicates that the Financial Performance variable is influenced by Capital Expenditure (CAPEX), Cash Conversion Cycle (CCC), Leverage, and Firm Value, while the remaining 28.80% is influenced by other factors outside the variables of this study.

Table 11. Hipotesis Test (T)

Variabel	Original Sampel (O)	T Statistics (|O/STDEV|)	P Values
H1: CAPEX (X1) -> Financial Perfomance (Y)	0,011	0,148	0,882
H2: CCC (X2) -> Financial Perfomance (Y)	0,016	0,110	0,913
H3: *Leverage* (X3) -> Financial Perfomance Keuangan (Y)	-0,580	5,959	0,000
H4: Firm Value (Z) Moderates CAPEX (X1) -> Financial Performance (Y)	-0,232	2,353	0,019
H5: Firm Value (Z) Moderates CCC (X1) -> Financial Performance (Y)	-0,049	0,279	0,781
H6: Firm Value (Z) Moderates Leverage (X1) -> Financial Performance (Y)	-0,390	2,281	0,023

Source: Processed Data by the Author (2025)

Discussion

The Effect of Capital Expenditure (CAPEX) on Financial Performance

The results of this study show that Capital Expenditure does not have a significant effect on Financial Performance. This can be seen from the statistical test results, which indicate a t-statistic value of 0.148 < t-table 1.96 and a significance level (P-values) of 0.882, which is greater than 0.05. Thus, it can be concluded that Capital Expenditure (CAPEX) does not have a significant effect on Financial Performance.

These findings are consistent with the research conducted by Yuliyanti (2023), which stated that Capital Expenditure (CAPEX) does not affect Financial Performance. Capital Expenditure (CAPEX) represents expenditures made by companies to obtain long-term benefits in supporting their operational activities, either in the present or in the future. Therefore, when a company's fixed assets increase in a given year, this must be followed by an increase in sales. If the sales output is relatively low while operational costs are high and investments in fixed assets also increase, then the financial statements may show losses, which in turn affect the company's financial performance. However, these results contradict the findings of Mahendra & Susilowati (2022), who stated that Capital Expenditure (CAPEX) does influence Financial Performance.

The Effect of Cash Conversion Cycle (CCC) on Financial Performance

The results of this study show that the Cash Conversion Cycle (CCC) does not have a significant effect on Financial Performance. This is evident from the statistical test results, which show a t-statistic value of 0.110 < t-table 1.96 and a significance level (P-values) of 0.913, which is greater than 0.05. Thus, it can be concluded that the Cash Conversion Cycle (CCC) does not significantly affect Financial Performance.

These results are consistent with the study conducted by Prakoso & Widyarti (2023), which stated that the Cash Conversion Cycle (CCC) has no effect on Financial Performance. A longer Cash Conversion Cycle means the company requires more working capital, which negatively impacts liquidity and can ultimately affect the company's financial performance.

This condition may serve as an early warning for companies, as it indicates a potential decline in profitability and an increase in cash outflows to cover supplier payments and other operational expenses.

The Effect of Leverage on Financial Performance

The results of this study show that Leverage has a significant effect on Financial Performance. This is evident from the statistical test results, which show a t-statistic value of 5.959 > t-table 1.96 and a significance level (P-values) of 0.000, which is smaller than 0.05. Thus, it can be concluded that Leverage significantly affects Financial Performance.

Companies with good business prospects generally prefer to finance their operations using internal funding (profits generated from their activities) rather than relying on external debt, which results in higher debt levels. Leverage is a ratio that shows the proportion of debt relative to total assets. If the level of debt is higher than the assets owned, the company becomes more dependent on external loans, which indicates poor asset management. Consequently, operational activities funded by company assets are insufficient to finance working capital. These findings are in line with the research conducted by Aiman & Rahayu (2019), which stated that Leverage affects Financial Performance.

The Moderating Effect of Firm Value on the Relationship between Capital Expenditure (CAPEX) and Financial Performance

The results of this study show that Firm Value moderates the effect of Capital Expenditure (CAPEX) on Financial Performance. This is evident from the statistical test results, which show a t-statistic value of 2.353 > t-table 1.96 and a significance level (P-values) of 0.019, which is smaller than 0.05. Thus, it can be concluded that Firm Value moderates the relationship between Capital Expenditure (CAPEX) and Financial Performance.

These findings are consistent with the research conducted by Lanskyaris et al. (2024), which stated that Capital Expenditure affects Firm Value. Companies that invest in fixed assets through capital expenditure can increase their firm value by adding, repairing, and modernizing assets whenever needed. This improves operational efficiency and enhances shareholder welfare, signaling positive future growth prospects.

The Moderating Effect of Firm Value on the Relationship between Cash Conversion Cycle (CCC) and Financial Performance

The results of this study show that Firm Value does not moderate the relationship between the Cash Conversion Cycle (CCC) and Financial Performance. This is evident from the statistical test results, which show a t-statistic value of 0.279 < t-table 1.96 and a significance level (P-values) of 0.781, which is greater than 0.05. Thus, it can be concluded that Firm Value does not moderate the relationship between the Cash Conversion Cycle (CCC) and Financial Performance.

These findings are consistent with the research conducted by Devitha & Pangestuti (2022), which stated that the Cash Conversion Cycle does not affect Firm Value. If the company has a longer cash cycle, it increases the need for working capital, which can reduce financial performance due to lower profitability.

The Moderating Effect of Firm Value on the Relationship between Leverage and Financial Performance

The results of this study show that Firm Value moderates the relationship between Leverage and Financial Performance. This is evident from the statistical test results, which show a t-statistic value of 2.281 > t-table 1.96 and a significance level (P-values) of 0.023, which is smaller than 0.05. Thus, it can be concluded that Firm Value moderates the relationship between Leverage and Financial Performance.

These findings are consistent with the research conducted by Felicia (2024), which stated that Leverage affects Firm Value. When leverage is low, investors assume that investing in such companies involves lower risk, particularly during uncertain economic conditions.

CONCLUSION

Based on the above analysis and discussion, the following conclusions can be drawn:
Capital Expenditure (CAPEX) does not have a significant effect on Financial Performance. This is proven by the significance value of 0.882 and the t-statistic value of 0.148. Cash Conversion Cycle (CCC) does not have a significant effect on Financial Performance. This is proven by the significance value of 0.913 and the t-statistic value of 0.110. Leverage has a significant effect on Financial Performance. This is proven by the significance value of 0.000 and the t-statistic value of 5.959.
Firm Value moderates the relationship between Capital Expenditure (CAPEX) and Financial Performance. This is proven by the significance value of 0.019 and the t-statistic value of 2.353.
Firm Value does not moderate the relationship between the Cash Conversion Cycle (CCC) and Financial Performance. This is proven by the significance value of 0.781 and the t-statistic value of 0.279. Firm Value moderates the relationship between Leverage and Financial Performance. This is proven by the significance value of 0.023 and the t-statistic value of 2.281.

Suggestions

For management/companies, this study indicates that Leverage has a positive effect on Financial Performance. This means that the 20 sample companies in the healthcare sector listed on the IDX in 2020–2024 can optimize their assets by converting them to repay debt and interest. This may result in stable cash flow, enabling smooth operations as the company can meet its debt obligations using its assets, or those assets can serve as collateral in times of financial distress or bankruptcy.
For future researchers, this study found that Capital Expenditure and Cash Conversion Cycle do not have a significant effect on Financial Performance. This may serve as a reference to include other variables, such as dividend policy, good corporate governance, firm size, firm growth, capital structure, and working capital management, which may influence financial performance. Additionally, future research is suggested to examine sectors other than healthcare to determine whether Capital Expenditure, Cash Conversion Cycle, and Leverage affect Financial Performance in different industries.

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