

ANALYSIS OF FINANCIAL RATIO FOR PREDICTING PROFIT CHANGES AT PT. INDOFOOD SUKSES MAKMUR TBK

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Abstract

This study aims to test whether the variables Liquidity (CR), Solvency (DAR), and Profitability (ROA) have an influence on Profit Changes at PT. Indofood Sukses Makmur Tbk. The population in this study is all financial report data of PT. Indofood Sukses Makmur Tbk for the 2014-2021 period in each quarter, while the samples in this study are statements of financial position and profit/loss reports. The documentation technique is the data collection technique used. The collected data were analyzed using financial ratios which were then entered into the multiple linear regression equation. Based on the results of this analysis, it can be seen that partially the current ratio and debt to assets ratio do not have a significant effect on changes in earnings. These results are inconsistent with (H₁) and (H₂) which say the current ratio and debt to asset ratio partially have an influence on changes in earnings. It is also known that partially the return on assets has a significant effect on changes in earnings. These results are in accordance with (H₃) which says return on assets has an influence on changes in earnings. From the results of this analysis it can also be seen that simultaneously the current ratio, debt to assets ratio, and return on assets do not have a significant effect on changes in earnings. This result is inconsistent with (H₄) which states that the current ratio, debt to asset ratio, and return on assets simultaneously have an influence on changes in earnings.

Keywords: *Current Ratio, Debt to Assets Ratio, Return on Assets and profit changes*

1. INTRODUCTION

In general, the purpose of establishing a company is to earn profits, increase sales, maximize share value, and improve shareholder welfare. Companies provide a lot of information to shareholders and the general public regarding their business. The financial reports issued by the company must contain financial information that can be used in making

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decisions for internal and external parties of the company. In making investment decisions investors need to analyze financial statements to avoid the risk of loss. Therefore, investors need financial information that can be obtained from the company's financial statements because from the company's financial reports information can be obtained about the company's financial position, company cash flow, company performance.

Profit is an increase in economic benefits during an accounting period in the form of income or addition of assets or decrease in liabilities resulting in an increase in equity that does not come from the contribution of additional capital (purnawati, 2005). The income statement is a report that presents a measure of the success of a company's operations over a certain period of time. Through the income statement, investors can find out the level of profitability generated by the investee, and can also consider the debtor's creditworthiness (Hery, 2021). The profit measure describes management's performance in generating profit to pay creditors' interest, investor dividends, and government taxes. Profit information can also be used to estimate the company's ability to generate profits in the future (predict or interpret earning power). interpret risks in investing and others (Hery, 2021). The Financial Accounting Standards Board (FASB) in its conceptual framework states that information about company profits as measured by accrual accounting generally provides a better basis for predicting company performance in the future compared to information about cash receipts and disbursements. So, in the conceptual framework mentioned in Statement of Financial Accounting Concepts no 1 Objectives of Financial Reporting by Business Enterprises it is stated that the main focus of financial reporting is information about company performance provided by the size of profit and its components (revenues, expenses, profits, and losses) (Hery, 2021). The Financial Accounting Standards Board (FASB) in its conceptual framework states that information about company profits as measured by accrual accounting generally provides a better basis for predicting company performance in the future compared to information about cash receipts and disbursements. So, in the conceptual framework mentioned in Statement of Financial Accounting Concepts no 1 Objectives of Financial Reporting by Business Enterprises it is stated that the main focus of financial reporting is information about company performance provided by the size of profit and its components (revenues, expenses, profits, and losses) (Hery, 2021). generally provides a better basis for predicting future company performance than information about cash receipts

and disbursements. So, in the conceptual framework mentioned in Statement of Financial Accounting Concepts no 1 Objectives of Financial Reporting by Business Enterprises it is stated that the main focus of financial reporting is information about company performance provided by the size of profit and its components (revenues, expenses, profits, and losses) (Hery, 2021). generally provides a better basis for predicting future company performance than information about cash receipts and disbursements. So, in the conceptual framework mentioned in Statement of Financial Accounting Concepts no 1 Objectives of Financial Reporting by Business Enterprises it is stated that the main focus of financial reporting is information about company performance provided by the size of profit and its components (Hery, 2021).

The increase or decrease in profit is called profit growth or change. Profit growth or change has a close relationship with the company's financial performance. Profit is a parameter/indicator to see whether a company's financial performance has increased or decreased (Ifada, 2016). The way that is believed to be able to predict company profits is by using financial ratios. To find out whether the company earns profits or experiences profit growth, it can be done by calculating and interpreting the company's financial ratios. Financial ratios are used in theoretical and practical performance appraisal. Theoretically, financial ratios are said to be useful if they can be used in predicting economic phenomena, one of which is changes in profits.

PT Indofood Sukses Makmur Tbk is the largest company in Indonesia which is primarily engaged in the food processing industry. The company began its commercial operations in 1990. The company classifies its business into five segments: branded consumer products, bogasari, agribusiness, distribution and cultivation and processing. vegetables. The company runs its branded consumer products business through its subsidiary, PT Indofood CBP Sukses Makmur Tbk (ICBP). ICBP's products include dairy products, snacks, biscuits, food seasonings, beverages and special and nutritious foods. Its bogasari business consists of the production of wheat flour and pasta. Some of the main brands of its bogasari are Cakra Kembar and Triangle Biru. Its agribusiness segment includes oil palm cultivation and milling and production of branded cooking oil, margarine and butter. The Company's vegetable growing and processing business is run by its China-based subsidiary. In addition, products from PT. Indofood Sukses Makmur Tbk is very popular with all Indonesian people and the world. The following is data regarding financial data information by the company PT. Indofood Sukses Makmur Tbk for the 2014-2021 period.

ANALYSIS OF FINANCIAL RATIO FOR PREDICTING PROFIT CHANGES AT PT. INDOFOOD SUKSES MAKMUR TBK*Hartini, Chalid Imran Musa, Nurman, Romansyah Sahabuddin, Burhanuddin***Table 1. Financial Report Data of PT. Indofood Sukses Makmur Tbk 2014-2021**

Year	Total assets (million IDR)	Current assets (million Rp)	Total Debt (million Rp)	Net Profit (million Rp)
2014	86077251	41014127	45,803,053	5,229,489
2015	91,831,526	42,816,745	48,709,933	3,709,501
2016	82,174,515	28,985,443	38,233,092	5,266,906
2017	87,939,488	32,515,399	41,182,764	5,145,063
2018	96,537,796	33,272,618	46,620,996	4,961,851
2019	96,198,559	31,403,445	41,996,071	5,902,729
2020	163,136,516	38,418,238	83,998,472	8,752,066
2021	179,356,193	54,183,399	92,724,082	11,203,585

Source: publication of the annual report of PT. Indofood Sukses Makmur Tbk

Based on table 1, it is shown that the company's overall assets show a tendency to increase, while the net profit achieved tends to fluctuate over the last 8 years. All assets owned by the company PT Indofood Sukses Makmur Tbk tend to experience significant growth, namely in 2015 and 2017 it grew by 7%, in 2018 it grew by 10% and in 2020 it grew by 69%. This is the achievement of the highest increase in assets compared to the previous year.

Looking at the data from above, the phenomenon that occurs at PT. Indofood Sukses Makmur Tbk shows that the net profit obtained from 2014-2021 is still fluctuating. In 2015 it decreased by -29%. This was the highest decrease compared to other periods, then in 2016 it grew by 42% and in 2017 it decreased by -2%, and in 2018 it again decreased by -4%. This is due to the large company expenses in that period. then in 2020 net profit grew again by 48% which was the highest growth compared to other periods. Rapid business growth requires good financial report management.

2. IMPLEMENTATION METHOD

This study was to determine the effect of both partial and simultaneous changes in CR, DAR, and ROA on changes in profits made at PT. Indofood Sukses Makmur Tbk uses

data collection techniques in the form of documentation techniques consisting of the company's 2014-2021 financial reports and literature study techniques in the form of literature books and supporting journals. Then the data that has been collected will be analyzed using descriptive statistical analysis techniques, classical assumption tests, multiple linear regression analysis, and hypothesis testing.

This analysis is used to collect data, process data, and present data. Presentation can use tables, diagrams, measures and pictures. Descriptive statistics are shown by frequency, measures of central tendency (mean, median, mode), and dispersion (range, variance, standard deviation) (Suryani and Hendryadi, 2015). Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analysis was carried out to determine the direction and how much influence the independent variables have on the dependent variable (Ghozali, 2018).

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y	= dependent variable (change in profit)
α	= Constant
$\beta_1, \beta_2, \beta_3$	= Regression coefficient
X1	= Independent variable (CR)
X2	= Independent variable (DAR)
X3	= Independent variable (ROA)
e	= Interference / Error

The normality test aims to test the regression model, the confounding or residual variables have a normal distribution or not. A good regression model is having a normal or close to normal data distribution. In this study the normality test used Kolmogorov-Sminov. The basis for making a decision is to look at the Asymp.Sig (2-tailed) numbers with the condition that if the Asymp.Sig (2-tailed) > 0.05 numbers can be normally distributed whereas if the Asymp.Sig (2-tailed) numbers < 0,05, it can be said that the data is not normally distributed.

3. RESULTS AND DISCUSSION

a. Results

In this section, researchers will analyze changes in profits at PT Indofood Sukses Makmur Tbk by using three financial ratios, namely the liquidity ratio, solvency ratio and profitability ratio. The purpose of this analysis is to determine the effect of these financial ratios on changes in profits at PT Indofood Sukses Makmur Tbk.

The higher the ratio value, the better a business is in earning profits. This ratio is

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important in evaluating the effectiveness and efficiency of the management of a business. A large amount of assets (wealth) should also be able to generate large profits for the company. Return On Assets (ROA) can be measured by dividing net profit before tax with total assets owned. The following are the results for the acquisition of profitability or return on assets (ROA) of PT. Indofood Sukses Makmur Tbk has fluctuated. It can be seen that in 2015 there was a decrease from the previous year, the average profitability ratio (ROA) for that year was 3.09%, which means that the lower the ROA value indicates that the company is increasingly ineffective in managing assets to earn profits.

Furthermore, in 2016 and 2017 it increased by producing an average profitability ratio (ROA) of 5.77%. And in 2018 it experienced a decline again resulting in an average profitability ratio (ROA) of 4.83%. This was due to the unstable sales profit and total assets turnover in that year. Then in 2019 there was an increase again which resulted in an average profitability ratio (ROA) of 5.55%, it can be seen in the profit earned in that year starting from quarter I to quarter IV which has increased from the previous year. Next, in 2020 it will experience a decline, producing an average profitability ratio (ROA) of 4.75%. and then in 2021 it will again experience an increase resulting in an average value (ROA) of 5.05%. This is influenced by the profit and total asset turnover obtained this year which is more stable than the previous year, so that the higher the profitability ratio (ROA) means that PT. Indofood Sukses Makmur Tbk is increasingly able to properly utilize company assets to earn profits.

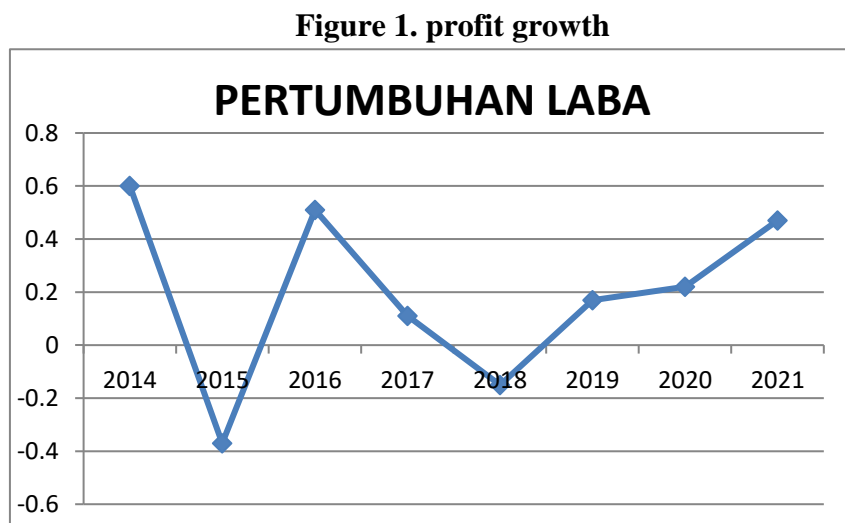
Table 2. Calculation of changes in PT. Indofood Sukses Makmur Tbk Year 2014-2021 Quarter

Year	Q	Current year's profit (Million IDR)	Previous year's profit (Million IDR)	Profit Change	Average
2014	Q1	1,750,734	946116	0.85	0.60
	Q2	2,985,399	2,067,726	0.44	
	Q3	3,979,051	2,469,250	0.61	
	Q4	5,146,323	3,416,635	0.51	
2015	Q1	985,979	1,750,734	-0.44	-0.37
	Q2	2,120,889	2,985,399	-0.29	
	Q3	2,107,505	3,979,051	-0.47	
	Q4	3,709,501	5,146,323	-0.28	
2016	Q1	1,363,230	985,979	0.38	0.51
	Q2	2,757,314	2,120,889	0.30	
	Q3	4,099,756	2,107,505	0.95	
	Q4	5,266,906	3,709,501	0.42	
2017	Q1	1,762,082	1,363,230	0.29	0.11

	Q2	3,074,704	2,757,314	0.12	
	Q3	4,315,400	4,099,756	0.05	
	Q4	5,145,063	5,266,906	-0.02	
2018	Q1	1,456,706	1,762,082	-0.17	-0.15
	Q2	2,433,723	3,074,704	-0.21	
	Q3	3,580,090	4,315,400	-0.17	
	Q4	4,961,851	5,145,063	-0.04	
2019	Q1	1,634,302	1,456,706	0.12	0.17
	Q2	2,936,027	2,433,723	0.21	
	Q3	4,195,398	3,580,090	0.17	
	Q4	5,902,729	4,961,851	0.19	
2020	Q1	1805109	1,634,302	0.10	0.22
	Q2	3,464,298	2,936,027	0.18	
	Q3	4,729,034	4,195,398	0.13	
	Q4	8,752,066	5,902,729	0.48	
2021	Q1	2,625,991	1805109	0.45	0.47
	Q2	5,041,463	3,464,298	0.46	
	Q3	8,001,384	4,729,034	0.69	
	Q4	11,203,585	8,752,066	0.28	

Source: publication of the annual report of PT. Indofood Sukses Makmur Tbk

Based on the table above, it can be seen that in the third quarter of 2016 it showed the highest value of 0.95 while the lowest profit change in the third quarter of 2015 was -0.47. For more details, the average value of changes in profit, the data is made in the form of the following graph



Source: publication of the annual report of PT. Indofood Sukses Makmur Tbk

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PT. Indofood Sukses Makmur Tbk started in 2015 which experienced a decrease in profit of -37% from the previous year. then in 2016 it experienced a profit increase of 51% from the previous year. Furthermore, in 2017 it decreased by 11%, the following year in 2018 it again decreased by -15%. Then in the following year in 2019 there was an increase in profit of 17%, in 2020 it again increased by 22% until 2021 which experienced a profit increase of 47%. so it can be seen that changes in PT. Indofood Sukses Makmur Tbk has fluctuated for the last 8 years.

b. Discussion

Discussion of the research results will provide an overview of the results of the analysis and findings in this research regarding the suitability of the various theories that have been studied, the opinions of experts, and previous research, each of which has been described in the previous discussion. Based on the research findings, the description of the discussion of the results and research findings is divided into four main parts, namely the liquidity ratio, namely CR, the solvency ratio, namely DAR, and the profitability ratio, namely ROA. The results of testing the hypothesis show that the current ratio variable has no partial effect on changes in earnings. This is evidenced by the t-count value of 0.492 which is smaller than the t-table value of 1.699 with a significant value of 0.626 greater than 0.05. The inability of the current ratio (CR) to predict changes in profit is because the current ratio contains current assets and current liabilities which may not necessarily generate profits. In current assets in the company PT. Indofood Sukses Makmur Tbk has inventories of raw materials, supporting materials and goods in the process that are not ready for sale, so this component will increase the current ratio but will not generate profits because the company must incur costs to process inventory into goods ready for sale.

The results of testing the hypothesis show that the change in the variable debt to assets ratio has no partial effect on changes in earnings. This is evidenced by the t-count value of 0.112 which is smaller than the t-table value of 1.699 with a significant value of 0.911 greater than 0.05. A high Debt to Assets Ratio shows that the company has a lot of debt, so it is difficult for the company to obtain additional loans because it is feared that it will not be able to cover its debts, so that the company experiences difficulties in carrying out its operational activities and will reduce profits.

The results of testing the hypothesis show that the variable changes in Return On Assets have a partial effect on changes in earnings. This is evidenced by the t-count value of 2.071 which is greater than the t-table value of 1.699 with a significant value of 0.046 less

than 0.05. The greater the value of ROA means that the company is increasingly able to utilize its assets properly to earn profits. The simultaneous test shows that the calculated F value $< F$ table ($1.134 < 3.340$) with a significance value of $0.352 > 0.05$. So that it does not affect the independent variables simultaneously, namely Liquidity (CR), Solvency (DAR), and Profitability (ROA) on changes in profits at PT. Indofood Sukses Makmur Tbk.

4. CONCLUSION

Based on the results of processing data from the study entitled "Analysis of Financial Ratios to predict changes in profits at PT. Indofood Sukses Makmur Tbk" for 2014-2021, the conclusions are obtained:

1. Based on the analysis of the Liquidity Ratio of PT. Indofood Sukses Makmur Tbk's Profit Change, it shows that the Current Ratio (CR) has no partial effect on profit changes.
2. Based on the analysis of the Solvency Ratio to Changes in Profit PT. Indofood Sukses Makmur Tbk shows that the Debt to Asset Ratio (DAR) has no partial effect on changes in profit.
3. Based on the analysis of Profitability Ratios to Changes in Profit PT. Indofood Sukses Makmur Tbk shows that Return On Assets (ROA) has a partial effect on changes in Profit.
4. Based on the analysis of liquidity ratios, solvency ratios, and profitability ratios on changes in PT. Indofood Sukses Makmur Tbk shows that the Current Ratio (CR), Debt to Asset Ratio (DAR), and Return On Assets (ROA) do not simultaneously affect changes in profit.

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