



Article info : *Received:* January 2023 ; *Revised:* February 2023 ; *Accepted:* March 2023

Profitability Ratio Analysis as a Measuring Tool for Financial Performance Assessment at PT Prasadha Aneka Niaga Tbk for the period of 2017-2021

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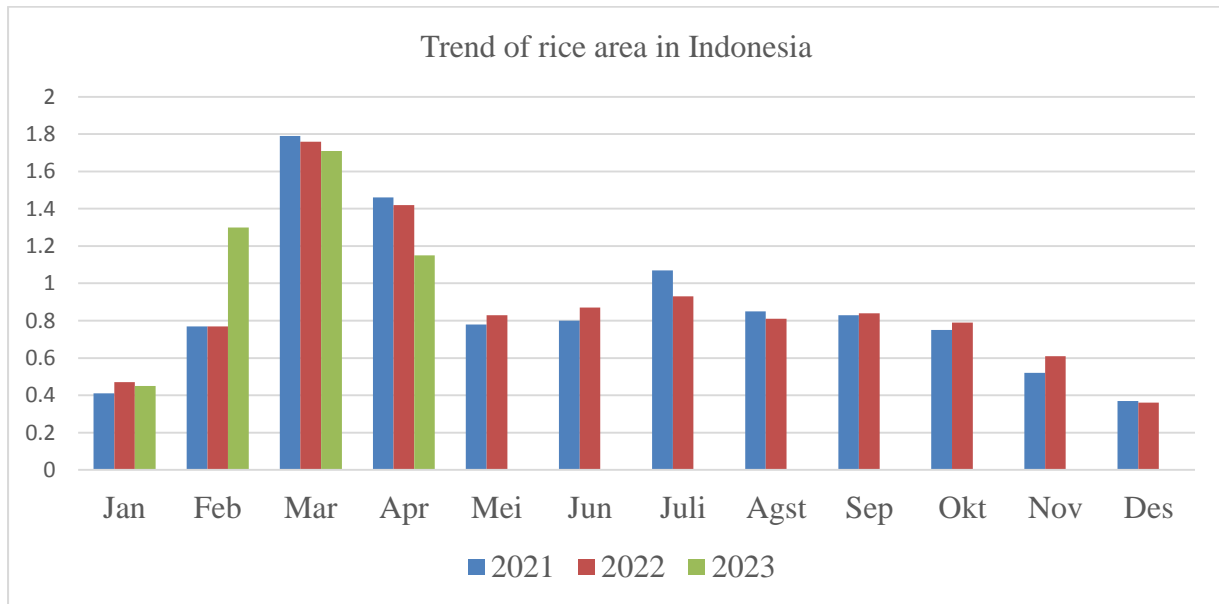
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Abstract. Company performance is needed for financial performance appraisal which is carried out by analyzing financial statements so that companies can utilize their resources and to understand company growth, survive, or even fail. This study aims to look at financial performance in terms of profitability, solvency and liquidity ratios at PT Prasadha Aneka Niaga Tbk for the 2017-2021 period. The method used in this study is qualitative with a population using the financial statements of PT Prasadha Aneka Niaga Tbk for the 2020-2021 period. The results of the study show that the financial performance of PT Prasadha Aneka Niaga Tbk for the 2020-2021 period shows that the company is good at using its assets to generate profits and value for shareholders. PT Prasadha Aneka Niaga Tbk performed well in generating revenue, profit and cash flow.

Keywords: Profitability; Financial Performance

A. INTRODUCTION

Most of the population works in the agricultural sector so that Indonesia is called an agricultural country. Indonesia has vast agricultural land, diverse and abundant natural resources, so that the existence of farmers in Indonesia is very important to contribute to improving people's welfare. From a geographical perspective, Indonesia is located in a tropical area which has high rainfall. This condition makes Indonesia has fertile land and many types of plants that can grow quickly. Now, agricultural trends in Indonesia are developing in a positive direction with the use of increasingly sophisticated agricultural technology. The following is data on the trend of rice harvests in Indonesia which have continued to increase in the last three years, namely from 2021 to 2022.



PT Prasadha Aneka Niaga Tbk is a state-owned company that has contributed to and contributed to agriculture in Indonesia, with its activities as a company engaged in the agricultural product industry. PT Prasadha Aneka Niaga Tbk's main business activities are processing and trading agricultural commodities such as rice, crumb rubber and coffee. These promising commodities are also a viable source of income for the agricultural export sector. Rubber has the highest value with revenues of \$4,958.3 million per year, followed by coffee with revenues of \$1,175.4 million, and cocoa with revenues of \$53.5 million (Badan Pusat Statistik, 2018). Based on data from the Directorate General of Plantations (2017), Indonesia's aggregate workforce is highly dependent on these three industries for employment, as these industries handled 1,726,359 cocoa farmers in 2016, and 1,770,508 coffee farmers, and 250,886 rubber farmers in 2017. Given the contribution of PT Prasadha Aneka Niaga in the agricultural sector, a financial analysis report is needed to determine the company's performance.

Financial reports are the result of the company's transaction data collection process (Siahaan & Simanjuntak, 2020). Financial reports are useful for determining whether or not the financial performance information of a company is good; nonetheless, financial statements must be analyzed. Reports of financial companies must be analyzed in order to create an appropriate information to be held accountable. Financial statement analysis aims to be able to evaluate and predict the company's financial condition. Therefore, financial statement analysis is a support in making business strategy decisions for the company in the future.

B. LITERATURE REVIEW

Research with the title Profitability Ratio Analysis as a Measuring Tool for Assessing Financial Performance at PT Mayora Indah Tbk, 2014 – 2018 Period Shows that PT Mayora Indah Tbk's income from 2014 to 2018 is in very good condition and its income has been maximized. The financial performance of PT Mayora Indah Tbk from 2014 to 2018 based on the calculation results of the profitability ratio is above the industry standard.

C. RESEARCH METHODOLOGY

1. Data Analysis Methods

Data analysis is an important part of a research process. The analytical method used is a quantitative method that is explained by calculating the existing ratios in the company using certain formulas. In analyzing the company's financial performance, the following steps can be carried out: 1) Reviewing financial report data; 2) Perform calculations; 3) Make a comparison of the calculation results that have been obtained; 4). Provide data analysis or conclusions on calculations using the series analysis method from the calculation results that have been obtained.

2. Study Population In research

the population is the whole of the research subjects. Because the selected population has a close relationship with the problem under study. Population is a generalization area which consists of: objects/subjects that have certain quantity and characteristics determined by the researcher to be studied and then conclusions drawn.

3. Research Sample

The sample is part of the population whose characteristics are to be studied. The research sample can be interpreted as part of the population that is used as research subjects and is a "representative" of members of that population. The sample is a part of the whole and the characteristics possessed by a population. In this study using a purposive sampling method with the criteria of sample companies that have been listed on the Indonesian Stock Exchange.

D. RESULTS AND DISCUSSION

1. Financial Report Data of PT Prasadha Aneka Niaga Tbk

The financial statements consist of a statement of financial position or balance sheet as well as a profit and loss statement of PT Prasadha Aneka Niaga Tbk as of 31 December 2017-2021 which is contained in the attachment. The following is partial data from the financial position report or balance sheet of PT Telkom Indonesia which is used to calculate the financial ratios presented in table 1 below.

Table 1 PT Prasadha Aneka Niaga Tbk
Data from the Statement of Financial Position As of December 31, 2017-2021
(Amounts in the table are expressed in billions of Rupiah)

Information	Year				
	2017	2018	2019	2020	2021
Assets					
Cash	49.967	56.321	40.265	14.654	29.564
Inventory	237.836	213.814	167.177	182.218	147.232
Current asset	387.076	369.067	285.684	283.695	233.247

Information	Year				
	2017	2018	2019	2020	2021
Total current asset	198.484	206.196	221.208	246.943	277.184
Liabilities					
Short debt term	361.013	333.943	378.030	368.958	405.642
Total debt	6.354	4.249	2.442	3.886	54.662
Equity	299.519	242.897	175.963	120.151	48.717
Liabilities	556.430	99.975	197.554	99.975	255.168

2. The following is partial data from the profit and loss statement of PT Prasadha Aneka Niaga Tbk which is used to calculate the financial ratios presented in table 2 below.

Table 2 PT Prasadha Aneka Niaga Tbk
Data from Income Statement As of December 31, 2017-2021 period
(Amounts in the table are expressed in billions of Rupiah)

Information	Year				
	2017	2018	2019	2020	2021
Net Sale	1.399.580	1.334.784	1.224.283	895.456	868.091
Gross Profit	195.093	146.978	162.751	127.145	53.913
Net Profit	26.376	41.264	28.372	55.811	71.434

Financial Statement Analysis Results The following is a discussion of PT Prasadha Aneka Niaga Tbk's financial ratio analysis for the 2017-2021 period to assess the company's financial performance based on profitability ratios:

a. Return Of Assets

The following formula is used to calculate the Return Of Assets:

$$\text{Return of Asset} = \text{EAT} / \text{TOTAL ASET} \times 100\%$$

The following describes the results of calculating the current ratio of PT Prasadha Aneka Niaga for the period 2017 to 2021 which can be observed in table 3 below.

Table 3
Calculation of Return Of Assets PT Prasadha Aneka Niaga Tbk
Period 2017-2021

Year	EAT	Total Asset	Return Of Assets	Industry Standard	Category
2017	26.376.620.585	387.076.417.966	6,81%	5,98%	Good
2018	41.264.215.665	369.067.844.907	11,18%	5,98%	Good
2019	28.372.081.772	285.684.939.859	9,93%	5,98%	Good
2020	55.811.947.909	283.695.608.058	19,67%	5,98%	Good
2021	71.434.038.585	233.247.740.114	30,63%	5,98%	Good
			15,65%		

Return On Assets in general is a type of profitability ratio, which is usually used to assess the ability of a company to earn profits through assets. With this ratio, the ability of the company is assessed in accordance with the profits obtained in the past period so that it can be used in the next period or period. ROA is also useful for evaluating whether management has received rewards or rights according to the assets they have. This ratio is indeed very important for anyone who will evaluate companies that use capital or funds.

Based on table 3, it can be seen that PT Prasadha Aneka Niaga's ROA for the last 5 years from 2017-2021 met industry standards and even exceeded industry standards, namely 5.98%, so it was in a good category. PT Prasadha Aneka Niaga's ROA continues to increase from year to year. PT Prasadha Aneka Niaga's average ROA is 15.65%.

b. Return on Equity (ROE)

To find the return on equity or the return on equity, the following formula can be used: Return on Equity / ROE= EAT/EQUITYX100%

The following presents the results of calculating ROE or Return on Equity of PT Prasadha Aneka Niaga Tbk for the 2017-2021 period which can be observed in table 4 as follows.

Table 4
Calculation of Return On Equity PT Prasadha Aneka Niaga Tbk (Persero) Tbk
Period 2017-2021

Year	EAT	Equity	Return Of Equity	Industry Standard	Category
2017	26.376.620.585	299.519.909.843	8,81%	8,32%	Good
2018	41.264.215.665	242.897.129.653	16,99%	8,32%	Good
2019	28.372.081.772	175.963.488.806	16,12%	8,32%	Good
2020	55.811.947.909	120.151.540.897	46,45%	8,32%	Good
2021	71.434.038.585	48.717.502.312	146,63%	8,32%	Good
			47,00%		

Return On Equity or commonly called ROE is a ratio that describes how much share equity has in generating net profit or net profit (Hery, 2015). If the return on equity is higher, the total net profit generated from funds embedded in equity will be higher. Conversely, the smaller the return on equity, the smaller the total net profit generated by the budget contained in equity.

Based on table 4, it can be seen that PT Prasadha Aneka Niaga's ROA for the last 5 years from 2017-2021 met industry standards and even exceeded industry standards, namely 8.32%, so it was in a good category. PT Prasadha Aneka Niaga's ROE continues to increase from year to year. PT Prasadha Aneka Niaga's average ROA is 47%. In 2017 ROE was 8.81%, which means that every Rp1 equity contributes to creating Rp. 8.81% net profit. In 2018 Return On Equity almost doubled to 16.99% indicating that every IDR 1 of equity contributed to creating IDR 16.99% of net profit. Whereas in 2019 the value of Return On Equity fell to 16.12%, which means that Rp. 1 equity participates in creating Rp. 16.12% net profit. In 2020 Return On Equity increased sharply to 46.45%. Then in 2021 the value of return on equity will decrease again and reach 146%.

c. Operating Profit Margins

To find the return on equity or the return on equity, the following formula can be used: $OPM = EBIT / \text{Net sales} \times 100\%$

The following presents the results of calculating ROE or Return on Equity of PT Prasadha Aneka Niaga Tbk for the 2017-2021 period which can be observed in table 5 as follows:

Table 5
Calculation of Operating Profit Margin PT Prasadha Aneka Niaga Tbk
Period 2017-2021

	EBIT	Net Sales	OPM
2017	195.093.469.931	1.399.580.416.996	13,9%
2018	146.978.848.370	1.334.070.483.011	11,0%
2019	162.751.604.027	1.224.283.552.949	13,3%
2020	127.145.177.260	895.456.045.999	14,2%
2021	53.913.145.626	868.091.474.069	6,2%
			10,20%

OPM or Operating profit margin is a measure of a company's ability to increase profit before interest and tax compared to sales achieved by the company. The OPM ratio is also able to represent pure profit or pure profit received from every sale made. OPM will be considered pure if the amount received is actually obtained from the company's operating results by ignoring various financial obligations, such as taxes and interest. Just like gross profit margin and net profit margin, if the percentage of OPM is higher, then the company will be considered good in carrying out its operational activities.

Based on table 5, it can be seen that the OPM of PT Prasadha Aneka Niaga Tbk experienced fluctuating changes from 13.9% in 2017 and then decreased to 11% in 2018. In 2019 it rose again to 13%, an increase of 1.1% in in 2020, but then dropped dramatically in 2021 with only a percentage of 6.2%. Overall, the average OPM of PT Prasadha Aneka Niaga Tbk is 10.20%.

d. Net Profit Margins

To find the Net Profit Margin or return on equity, the following formula can be used: $NPM = \frac{EAT}{\text{Net sales}} \times 100\%$

In the following, the results of PT Prasadha Aneka Niaga Tbk's NPM calculation for the 2017-2021 period can be observed in table 3. as follows:

Table 6
Calculation of PT Prasadha Aneka Niaga TBK
Net Profit Margin Period 2017-2021

Tahun	EAT	Net Sales	Net Profit Margin	Standar Industri	Kategori
2017	26.376.620.585	1.399.580.416.996	2%	>5%	Bad
2018	41.264.215.665	1.334.070.483.011	3%	>5%	Bad
2019	28.372.081.772	1.224.283.552.949	2%	>5%	Bad
2020	55.811.947.909	895.456.045.999	6%	>5%	Good
2021	71.434.038.585	868.091.474.069	8%	>5%	Good
			4,35%		

Net profit margin or net profit margin is a profitability ratio that expresses the profit from business operations as a percentage of revenue or net sales. It takes into account all the costs a business faces, not just cost of goods sold. This ratio is used to give analysts an idea of a company's financial stability. Companies that generate greater profit per value of sales are more efficient. That efficiency makes it more likely for companies to survive when product lines fall short of expectations, or when periods of economic contraction hit the wider economy.

In table 6 it can be seen that PT Prasadha Aneka Niaga's NPM from 2017 to 2019 shows a bad category with a marked NPM value of less than 5%. However, it has slowly improved in the last two years and reached the set industry standard. Although overall the NPM at PT Prasadha Aneka Niaga Tbk for the last 5 years is still below the regulatory standard, which is below 5%. Example of Table (Table 1. Bank Ownership Status)

E. CONCLUSIONS AND SUGGESTIONS

The Profitability Ratio of PT Prasadha Aneka Niaga Tbk in 2017-2021 as a whole is in good condition and meets the set industry standards. The profitability ratio of PT Prasadha Aneka Niaga Tbk in 2017-2021 shows that the company is good at using its assets to generate profits and value for shareholders. PT Prasadha Aneka Niaga Tbk performed well in generating revenue, profit and cash flow. PT Prasadha Aneka Niaga Tbk has generated a greater profit per value of sales meaning it is more efficient. That efficiency makes PT Prasadha Aneka Niaga Tbk more likely to survive when the product line falls short of expectations, or when a period of economic contraction hits the wider economy.

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