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Financial Performance Analysis Based on Profitability Ratio (Study at PT Astra International Tbk Period 2009-2018)

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***Abstract**--This study aims to determine the description of the level of profitability at PT Astra International Tbk. The data used in this study are secondary data in the form of the annual financial statements of PT Astra International Tbk for the period 2009-2018. The method used in this research is descriptive method. The average value of Gross Profit Margin (GPM) for the period 2009-2018 was 20.1%, the lowest value of GPM was 18% in 2013 and the highest value of GPM was 23% in 2009. Average Net Profit Margin (NPM) of 11.4%, the lowest value of NPM of 8% in 2015 and the highest value of NPM of 13%. The average value of Return On Assets (ROA) is 10.3%, the lowest value of ROA is 6% in 2015 and the highest value of ROA is 15% in 2010. The average value of Return On Equity (ROE) is 20.2 %, the lowest value of ROE is 12% and the highest value of ROE is 29%.*

***Keywords:** Gross Profit Margin (GPM), Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE)*

I. INTRODUCTION

I.I.Research Background

Profitability ratio is one of the ratios used to measure the level of effectiveness of management performance so that management is able to achieve the targets set by the company. There are several measurements of profitability where each measurement is related to sales volume, total assets and own capital. Overall these three measurements allow an analyzer to evaluate the level of earnings in relation to sales volume, the number of assets and certain investments of the owner of the company. Without profit, it will be very difficult for companies to attract capital from outside.

Until 2018, the Astra Group has developed its business by implementing a synergy-based and diversified business model in seven business segments, consisting of: automotive; financial services; heavy equipment; mining; construction and energy; agribusiness; infrastructure and logistics; information technology and property.

PT Astra International Tbk (ASII) posted a net profit of Rp 21.67 trillion in 2018. The profit rose 15% from 2017 which amounted to Rp 18.85 trillion. The profit growth was sustained by ASII's income which rose 16% to Rp 239.21 trillionin 2018. In 2017, ASII income was recorded at Rp 206.06 trillion. Through an official statement received by Kontan.co.id on Wednesday (27/2), ASII President Director Prijono Sugiarto said last year's net profit had increased due to increased contributions from the heavy equipment, mining, construction, energy and service business segments. finance, and information technology business. The increase in profit in the business segment exceeded the decline in profits from the ASII agribusiness,

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property and automotive business segments. For information, the net income of the Astra Group's automotive business fell 4% to Rp 8.5 trillion in 2018. While net income from the agribusiness segment fell by 27% to Rp 1.1 trillion. Even the ASII property business's net profit eroded 28% to Rp 160 billion. Meanwhile, the financial services business net profit increased 28% to Rp 4.8 trillion, with increased contributions from the consumer financing business, banks and general insurance business. Then, net profit from the heavy equipment, mining, construction and energy segments increased 48% to Rp 6.6 trillion. Meanwhile, the infrastructure and logistics segment managed to reverse the loss to profit in 2018. The unit's infrastructure and logistics net profit reached Rp196 billion. "This is the impact of the increased profits from the Tangerang-Merak toll road business and the PT Serasi Autoraya business unit, as well as the impact of the loss of the 49% divestment in PT PAM Lyonnaise Jaya in the previous year," said Prijono. Net income from the information technology segment also recorded a 5% increase to IDR 208 billion in 2018. PT Astra Graphia Tbk (ASGR), which is 76.9% owned by ASII, reported a 5% increase in net profit thanks to increased business segment revenue in document solutions and IT solutions. (kontan.co.id).

In accordance with the background of the research above, the title chosen at this writing is: Financial Performance Analysis based on the Profitability Ratio (Study at PT Astra International Tbk in the period 2009-2018).

I.II.Problem Identification

1. How is Gross Profit Margin (GPM) at PT Astra International Tbk in the period 2009-2018.
2. How is Net Profit Margin (NPM) at PT Astra International Tbk in the period 2009-2018.
3. How is Return On Assets (ROA) at PT Astra International Tbk in the period 2009-2018.
4. How is Return On Equity (ROE) at PT Astra International Tbk in the period 2009-2018.

II. LITERATURE REVIEW

II.I.Gross Profit Margin (GPM**)**

Gross Profit Margin (GPM) shows the profit that is relative to the company, by means of net sales minus the cost of goods sold. This ratio is the way to determine the cost of goods sold. The general standard of the industry average for profit margins is 30%, if it is above average, the profit margin of a company is good (Kasmir, 2018: 200).

Gross Profit Margin reflects the mark-up of cost of goods sold and management's ability to minimize cost of goods sold in relation to sales made by the company. This ratio tells us the profits from the company related to sales, after we reduce the costs of producing goods sold. This ratio is a measure of the company's operating efficiency, and is an indication of the way the product is set.

II.II. Net Profit Margin (NPM)

Net Profit Margin (NPM) is a ratio used to show the company's ability to generate net profits. According to Bastian and Suhardjono (2006), Net Profit Margin is the ratio between net income and sales. This ratio is very important for operations managers because it reflects the sales pricing strategy applied by the company and its ability to control operating expenses. The greater the Net Profit Margin means the more efficient the company is in issuing costs related to its operations.

II.III. Return on Assets (ROA)

Return on Assets (ROA) or the return on assets is a ratio that shows the results of the use of company assets in creating net income, in other words this ratio is used to measure how much net income will be generated from each rupiah embedded in the total assets (Hery 2015:168).

According to Lukman Syamsudin (2009) ROA is used as a measure of profitability by using a portion of assets derived from public funds. According to Lukman Syamsudin (2009) ROA is the ratio between net income and total assets.

II.IV. Return on Equity (ROE**)**

Definition of Return On Equity (ROE) according to Sutrisno (2009:239) "Return On Equity (ROE) is the ability of a company to generate its own capital gains".

Then the definition of Return On Equity (ROE) according to Agnes Sawir

(2009:20): Return On Equity (ROE) is "a ratio that is often used by shareholders to

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assess the performance of the company concerned. ROE measures the amount of return on capital from a company " (Hussain et al., 2019).

III.RESEARCH METHOD

III.I.Research Design

This research method uses descriptive methods. To analyze the data descriptively, the results are displayed in the form of average values, maximum values, minimal values or graphs related to the data studied.

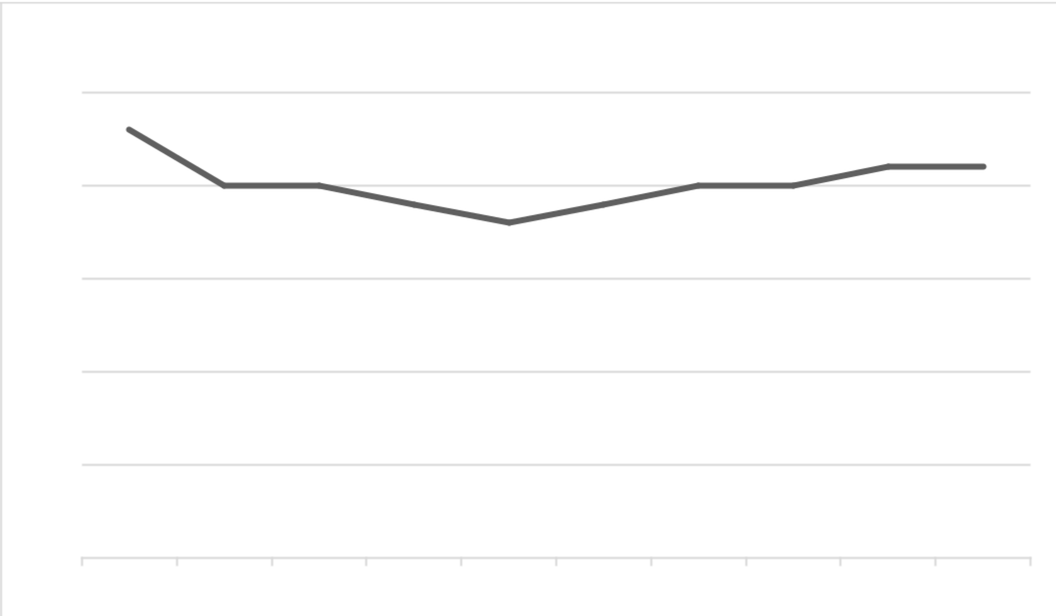
III.II.Data and Data Source

The data obtained in this study are secondary data, namely annual financial statements, including profit / loss statements and balance sheets. Secondary data in this study were obtained from the official website of PT. Astra International Tbk at https://www.astra.co.id.

IV. RESULTS AND DISCUSSION

IV.I. Description of Gross Profit Margin (GPM) pada PT Astra International Tbk for The Period 2009-2018.

Value of Gross Profit Margin (GPM) for Astra International Tbk for the period 2009-2018 in the following graph:



0
%

2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Figure 4.1: *Gross Profit Margin at PT. Astra International Tbk in Period 2009-2018*

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From the graph above it can be concluded that the average Gross Profit Margin (GPM) in the period 2009-2018 was 20.1%. The company's ability to generate gross profit on business income is seen from the ratio of Gross Profit Margin that has been carried out from 2009 to 2018 PT Astra International Tbk is fluctuating.

The lowest gross profit margin ratio was in 2013 at 18% with gross profit of Rp 35.3 trillion on operating revenues of Rp 193.8 trillion due to declining income earned in the heavy equipment, palm oil and automotive business sectors. This was due to the weakening of the number of requests from the mining sector due to low coal prices. While the average price of palm oil was 1% lower or Rp. 7,277 / kg compared to the previous year, the volume of palm oil sales increased by 11% to reach 1.6 million tons. . However, net income declined due to a decrease in the yield of nuclei of fresh fruit bunches on the nucleus plantations, increases in labor costs and losses on the translation of foreign currency loans in US Dollars. Until the level of competition increased in the car market with the addition of local production capacity, accompanied by increases in labor costs and raw material costs. But this can be balanced with the acquisition of other sectors that are able to survive the previous figure.

Even so, the company was able to increase the Gross Profit Margin ratio in the following year, namely in 2014 amounting to 19% with a gross profit of Rp38.8 trillion on operating revenues of Rp201.7 trillion. 2015 amounted to 20% with a gross profit of Rp 36.7 trillion in operating revenues of IDR 184.1 trillion. The same gain was also obtained in 2016 at 20%. 2017 amounted to 21% with a gross profit of IDR 42.3 trillion on operating revenues of IDR 2020 trillion. And the same acquisition was also obtained in 2018 by 21%. The increase in company performance such as in 2018 was mainly due to the increase in contributions from the heavy equipment, mining, construction and energy business and financial services business, whose increase exceeded the decline in contributions to the agribusiness and automotive business.

IV.II. Description of Net Profit Margin (NPM) at PT Astra International Tbk for the Period 2009-2018

Net Profit Margin (NPM) value at PT. Astra International Tbk for the period 2009-2018 can be seen in the graph.

From the graph above it can be concluded that the average Net Profit Margin (NPM) for the period 2009-2018 is 11.4%. The company's ability to generate net income on business income is seen from the ratio of Net Profit Margin that has been carried out from 2009 to 2018 PT Astra International Tbk. that is experiencing fluctuations. The highest ratio of Net Profit Margin lasts for three years with the same value of 13%, namely in 2009, 2010 and 2011. Then it decreased by 1% to 12% in 2012. This was due to the decline in demand for heavy equipment coal mining and motorcycle sales which decreased by 4% and the amount of financing through Astra's automotive consumer finance companies increased by 2%. Until then it decreased by 3% in 2015 to 8% due to weakening commodity prices and a decline in domestic consumption levels, as well as sharper competition in the car.

Sector and a decline in the quality of corporate loans. All of these resulted in a decrease in profit contributions from all business segments, except Information Technology. So from this, a net profit of Rp. 15.6 trillion and operating income of Rp. 184.1 trillion were generated.

The company was able to again increase and maintain the stability of profit contributions in 2016, which amounted to 10% with a net profit of Rp.18.3 trillion on operating revenues of Rp.181.0 trillion. Until it increased again in 2017 to 11% of net profit of Rp23.1 trillion over operating revenues of 206 trillion due to rising commodity prices that continued, which also had a positive impact on the business performance of the agribusiness division. The same value was also obtained in 2018 by 11% with a net profit of Rp27.3 trillion on operating revenues of Rp239.2 trillion due to increased contributions from the heavy equipment, mining, construction and energy business and financial services business, whose increase exceeded from a decrease in contributions to the agribusiness and automotive business.

IV.IIII. Description of Return on Assets (ROA) at PT Astra International Tbk for the Period 2009-2018

Value of Return On Assets (ROA) at PT. Astra International Tbk for the period 2009-2018 is presented in the graph below:

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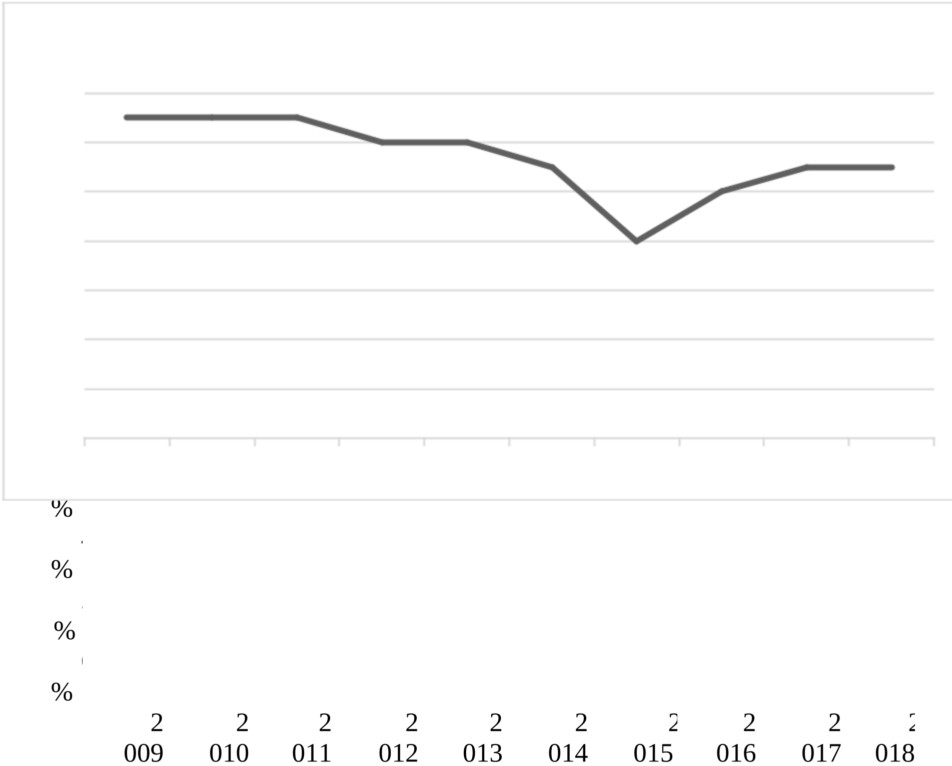

Figure 4.2:*Net Profit Margin at PT. Astra International Tbk in Period 2009-2018*

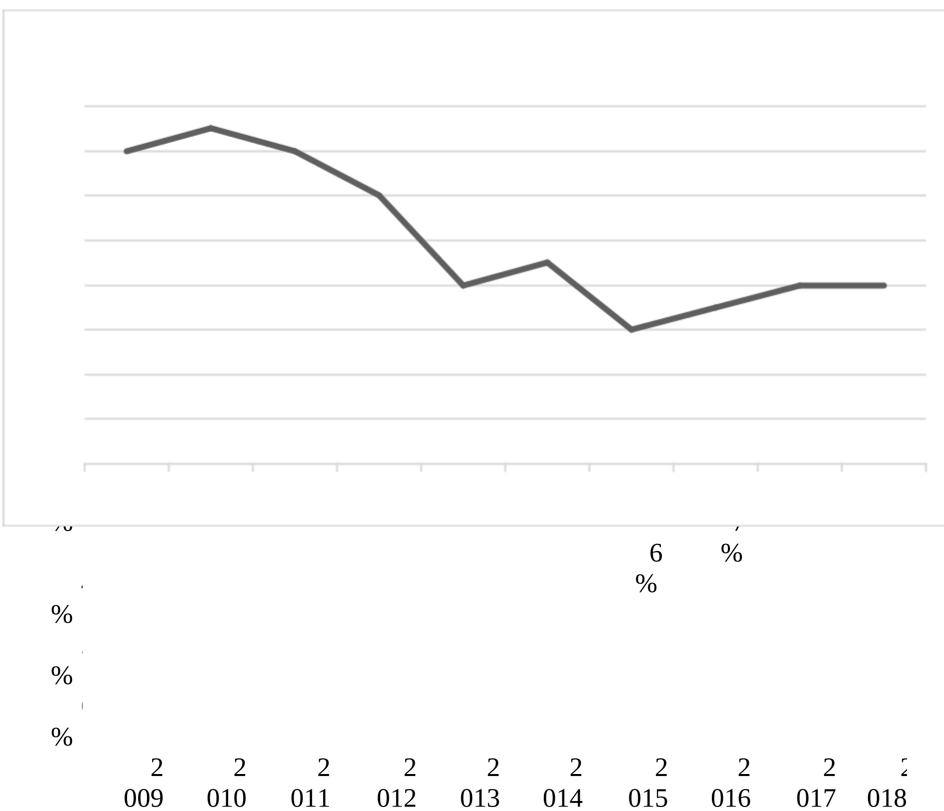

Figure 4.3: *Return On Assets at PT Astra International Tbk in Period 2009-2018*

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From the graph above it can be concluded that the average Return On Assets for the period of 2009-2018 was 10.3%. The company's ability to generate net income against returns on assets is seen from the Return on Assets ratio that has been carried out from 2009 to 2018 PT Astra International Tbk. that is experiencing fluctuations. The highest Return on Assets ratio was in 2010 at 15%. This is due to an increase in all sectors as described on the previous page. This value is obtained based on net income of Rp.17 trillion for total assets of Rp.113.3 trillion.

However, the company cannot maintain it for quite a long time because increasingly over time the year decreases, among which in 2011 fell by 1% to 14% because it generated a net profit contribution of Rp21 trillion over total assets of Rp.75.8 trillion. In 2012, it fell by 2% to 12% because it generated a net profit contribution of Rp. 22.7 trillion for total assets of Rp. 182.2 trillion. Until 2013 it experienced a significant decline to 8% because it generated a net profit contribution of Rp. 22.2 trillion. of total assets of Rp213.9 trillion.

Increased again in 2014 because it generated a net profit contribution of Rp22.1 trillion for total assets of Rp236 trillion to 9%. And it has decreased back to 2015 to 6% because it generated a contribution of net profit of Rp15.6 trillion to total assets of Rp245 trillion. In 2016 the company could again increase the value of its Return on Assets ratio to 7% because the net income gained was Rp 18.3 trillion for total assets of Rp 261.8 trillion. The increase was experienced in 2017, which was to be 8% because the net income obtained was IDR 23.1 trillion for total assets of Rp 2,958 trillion. And in 2018 the company can be stable by holding a value of 8% with an increase in the contribution of net profit of Rp27.3 trillion to total assets as much as Rp344.7 trillion.

IV.IV.Description of Return On Equity (ROE) at PT Astra International Tbk for The Period 2009-2018

Value of Return On Assets (ROA) at PT. Astra International Tbk. the 2009-2018 period is presented in the graph below

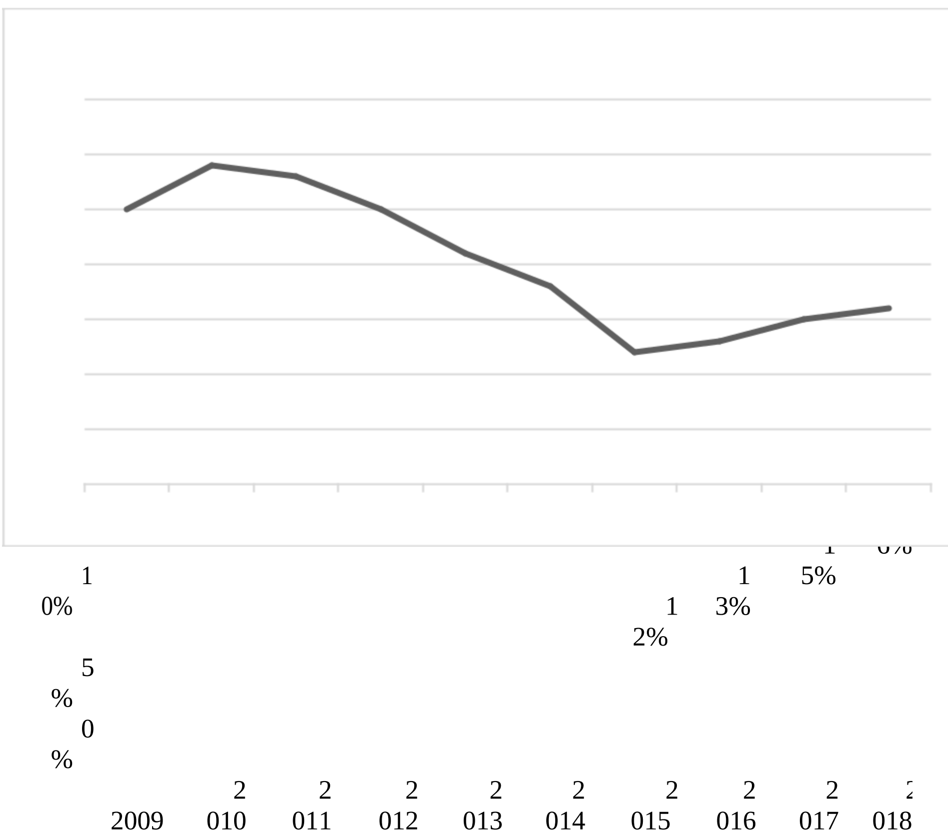

Figure 4.4:*Return On Equity at PT Astra International Tbk in Period 2009-2018*

From the graph above it can be concluded that the average Return On Equity (ROE) for the period of 2009-2018 is 20.2%. The company's ability to generate net income against returns on equity is seen from the Return on Equity ratio that has been carried out from 2009 to 2018 PT Astra International Tbk. that is

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experiencingfluctuations. The highest Return on Equity ratio was in 2010 at 29%. This is because the Indonesian economy grew by 6.1% in 2010, supported by continued strong consumer demand, foreign net investment flows and the availability of financing for consumers with attractive interest rates. The record of car and motorcycle sales led to a significant increase in the performance of the automotive business sector, where Astra's car sales rose rapidly from 281,013 units in 2009 to 426,467 units in 2010; while Honda motorcycle sales also skyrocketed from 2.7 million units in 2009 to 3.4 million units in 2010. The increase was 51.7% and 26.5% respectively in line with the growth of the national automotive market which reached 57 , 3% for cars and 26% for motorbikes. The contribution from the financial services business reflects the strong sales with financing provided by Astra financing companies. While the growth of heavy equipment business which is also high reflects the revival of the investment climate in the mining and agriculture sectors. This resulted in a net profit contribution of Rp. 17 trillion over total equity of Rp. 58.8 trillion. But after that, the following year the value of the Return on Equity ratio continued to decline. The year 2011 fell by 1% to 28% because it generated a net profit contribution of Rp21 trillion over total equity of Rp75.8 trillion. The year 2012 fell by 3% to 25% because it generated a net profit contribution of Rp. 22.7 trillion over total equity of Rp. 89.8 trillion. 2013 fell by 4% to 21% because it generated a net profit contribution of Rp22.2 trillion over total equity of Rp.106.1 trillion. 2014 fell by 3% to 18% because it generated a net profit contribution of Rp22.1 trillion over total equity of Rp120.1 trillion.

Until 2015 the value of the Return on Equity ratio reached 12%. That was caused by the declining net profit because the company faced a weakening commodity and a decline in the level of domestic consumption as described on the previous page. With the net profit of Rp 15.6 trillion in total equity of Rp 126.5 trillion.

Moving on to the following year, namely in 2016 the Return on Equity ratio value increased with the acquisition of 13% with a net profit of Rp. 18.3 trillion over total equity of Rp. 139.9 trillion. In 2017 net income of Rp. 23.1 trillion over total equity amounting to Rp156.5 trillion to produce a Return on Equity ratio of 15%. And in 2018 the value of the Return on Equity ratio increased with the acquisition of a value of 16% because it generated a net profit contribution of Rp27.3 trillion over total equity of Rp.174.3 trillion. The increase in the three years was due to the increased contribution from the heavy equipment, mining, construction and energy businesses that accompanied the increase in profits.

V. CONCLUSION

Based on the analysis of Gross Profit Margin during 2009 until 2018, the company's financial performance has unfavorable conditions. This can be proven by the unstable value of Gross Profit Margin. Although the decline and increase in the Gross Profit Margin ratio did not look significant, many factors caused the unstable Gross Profit Margin value to be achieved, including the decline in income obtained in several sectors until increased competition for car production was accompanied by increases in labor costs and raw material costs.

However, since 2014, the company has increasingly headed in a good direction so that it can again increase the acquisition of the value of the Gross Profit Margin ratio from year to year.

2. Based on an analysis of the Net Profit Margin during 2009 until 2018, the company's financial performance experienced unfavorable conditions. This can be proven by the unstable value of the Net Profit Margin. As in 2012, 2013, 2014 and 2015, which continued to decline due to several business sectors that weakened, but still can be helped by other business sectors that also increased. Since 2016 the company is increasingly heading in a good direction so that it can increase the return on value of the Net Profit Margin from year to year.

3. Based on the analysis of Return on Assets during 2009 until 2018, the company's financial performance experienced unfavorable conditions. This can be proven by the instability of the value of the Return on Assets which continued to decline from 2010 to 2013. Although it declined with a significant number, from 2016 to 2018 the company was able to increase the Return on Assets to the company's net profit.

4. Based on the Return on Equity analysis during 2009 until 2018, the company's financial performance is experiencing unfavorable conditions. This can be proven by the unstable Return on Equity ratio which has been decreasing from 2011 to 2015 due to weakening commodities and a decrease in the level of domestic consumption for the year. Although the return increased with a value that was not too high in 2016 until 2018, but in terms of returning net income to equity, the company is still in the unfavorable category.

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