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Profitability Analysis to Measure Financial Performance at PT Astra Agro Lestari Tbk

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ABSTRACT: This study aims to determine the company's financial performance in terms of PT Astra Agro Lestari Tbk's financial ratios for 2017-2021. The research method and data used in this study are quantitative descriptive research using secondary data contained in the financial reports of PT Astra Agro Lestari Tbk published by the Indonesia Stock Exchange for 2017-2021. Data collection techniques were carried out using library research and documentation techniques. The results of the research on profitability ratios for five years, namely 2017, 2018, 2019, 2020 and 2021 seen from the Return On Assets (ROA) of 8.48%, 5.66%, 0.90%, 3.22%, and 6 .80%. Judging from the Return On Equity (ROE) of 11.40%, 7.81%, 1.28%, 4.64% and 9.76%. While seen from the Net Profit Margin (NPM) of 12.21%, 7.97%, 1.40%, 4.75% and 8.50%. The company's financial performance in 2017-2021 shows that the company is in a bad condition because the figures generated from ROA, ROE, and NPM tend to fluctuate with quite large differences. So it can be said that the financial performance of PT Astra Agro Lestari Tbk seen from its financial ratios is still not effective.

KEYWORDS: Profitability, Financial Performance.

I. PRELIMINARY

Financial performance is a description of the financial condition of a company within a certain time span, both in terms of funding and distribution of funds. Generally calculated by determining the indicators of capital adequacy, liquidity and profitability. Financial performance is very important for the company, both internal and external to the company.

A company's finances are a measure of how the company can survive in the future. The company's financial data is embodied in financial reports, starting from money coming in and money going out, so that financial flows can be recorded properly. Financial performance can also be interpreted as a company's financial reporting from a certain period with the aim of knowing the company's financial flows.

To achieve the desired results, a company must make every effort so that the planned goals can be carried out as well as desired. In a company, all parts of the work unit must contribute and support each other in achieving the desired goals. The company plans and manages what is considered important in the process of achieving a goal.

Financial ratio analysis is a ratio that combines parts of financial statements together, so as to add insight into the history of the business and assess its current situation. Ratio analysis is intended to provide insight into how well a company is performing financially at a given point in time. Based on financial performance, it is an entity whose value needs to be optimally utilized and increased for the company's growth.

The goal to be achieved through this research is to find out the financial performance in terms of PT Astra Agro Lestari Tbk Financial Ratios for 2017-2021.

II. THEORETICAL BASIS

2.1. Definition of Financial Statements

Financial statements are the end result of an accounting cycle. Therefore, financial reports provide reports that are useful in making economic decisions for all parties, for example, company owners and creditors.

Complete financial statements of companies without public accountability based on SAK ETAP (2009, par. 3.12) consist of: balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to financial statements.

Based on the Statement of Financial Accounting Standards (PSAK No. 1 2019:1) "Financial reports are a structured presentation of the financial position and performance of an economic entity". This shows the entire history with a monetary value. Based on the opinion (Prihadi 2020: 8), financial reports are prepared for all financial activities of a business. Opinion (Kasmir

2019: 7), financial reports are information that describes the financial condition of a company at present or during a certain period of time.

By analyzing the financial statements of a company, it is able to reveal the weaknesses and strengths of a company. Based on the Statement of Financial Accounting Standards (PSAK No. 1 2019: 1) defines financial statement analysis as an organized examination of the financial condition and financial performance of an economic entity. Its purpose is to provide information about a company's net worth, financial position and results of operations. This information assists most report users in making investment decisions.

Financial reports have a purpose, in accordance with the Statement of Financial Accounting Standards (PSAK No. 1 2019: 3) the purpose of financial reports is to provide information about the financial condition, profits and cash flows of an economic business, which is useful for users of financial statements for decision making economy.

Accounting-related data that has been completed will produce a variety of information that will later be needed by various parties both inside and outside the company. Accounting can provide various information about a company's financial position. The following parties are users of information about the financial situation of a company:

Internal users of accounting reports are groups or individuals within an institution or company, such as:

a. Company owner

Owners who provide funds or capital to organizations or businesses will seek information about the business they are running. They want to know if the capital or funds that have been invested will perform well. The owner is always looking for a return on investment. Then comparing accounts from different years to help in getting a lot of information. The owner also determines the amount of goodwill and facilitates the evaluation of various taxes.

b. Management

Management or those in charge of business are very interested in the state of a business. Management can consider the profit and loss of the business that is being run. Therefore, management will pay attention to and require financial reports to find out if the business is profitable.

c. Employee

Bonus payments to employees depend on the amount of profit generated by each company. Most importantly, employees want a steady salary to meet their needs. Employees are attracted to financial reports because their demand for salary, incentives, effective working conditions and so on depends on the profitability of a business as well as its financial position.

External users of accounting reports are groups or individuals from outside the organization or company, including:

a. creditor

The creditor is the person responsible for the delivery of goods by way of credit or a banker or provider of financial assistance. This situation looks normal because a creditor is interested in financial quality before providing credit to customers/consumers.

b. Investors

Before potential investors invest in a particular company or organization, they want to meet with all parties in that company. A potential investor will check the financial information of a company. This is because they want to prove the security of their investment.

c. Government

The government always monitors businesses that generate large profits. Central government as well as the State are interested in financial information to determine taxable income to generate significant national balances.

d. Customer

Customers always want economical products. Therefore, customers want to see accurate financial information and the reasons for reducing production costs.

e. Financial Institutions

Financial or banking institutions that provide credit to many companies require expertise in the formalities of corporate loans. They lend money, so they really need financial reports to be able to analyze a company's profitability, liquidity and financial situation before lending it to them.

f. Tax Authority

Tax claims are filed on behalf of the company to establish tax credibility. Filing requires an examination of the list of incoming financial records including the information submitted with the financial statements.

2.2. Forms of Financial Statements

Based on Kasmir's opinion (2018: 28), financial reports usually consist of a balance sheet, income statement, statement of changes in equity and statement of cash flows. The financial report format is:

a. balance sheet

The balance sheet is one of the most important company financial information. Therefore, all companies are required to present their financial information in the form of a balance sheet. Balance sheets are generally prepared within a certain time frame to determine the state of the company.

Based on the opinion of James C. Van Horne, quoted by Kasmir (2018: 30), the meaning of the balance sheet is: "The balance sheet is a summary of the company's financial position on a certain date which shows total assets with total liabilities plus total owner's equity."

b. Income statement

Opinion of James C. Van Horne, quoted by Kasmir (2018: 45) the meaning of profit and loss is:

“An income statement is a summary of a company's income and expenses for a specific period of time, ending with the profit or loss for that period.”

c. Statement of Changes in Equity

Based on Kasmir's opinion (2018:29), the report on changes in equity states:

Statement of changes in equity is information that contains the results and types of current equity. Furthermore, this information also discusses the transfer of equity and the causes of this. This report will only be made if there is a change in equity.

d. Cash flow statement

Based on Kasmir's opinion (2018: 29), the cash flow report is: "a cash flow statement is a report that shows all aspects related to company activities, whether they have a direct or indirect effect on cash."

Statements of cash flows need to be designed based on the concept of cash over that time span. The cash report consists of income and expenses during a certain period of time. Cash in consists of funds flowing into the company, for example sales proceeds or other recipients. Cash out is a collection of costs and types of costs, for example payment of company operational costs.

e. Notes Report on Financial Statements

Based on Kasmir's opinion (2018: 30), the notes on the financial statements read:

Report notes to financial statements are information that shows reports when financial information requires special clarification. This means that there may be elements or figures in the financial statements that must be explained beforehand for clarity. Situations like this should not be misunderstood by interested parties.

2.3. Definition of Financial Performance

Based on the opinion of Atma Hayat et al (2018: 13), financial performance is an acquisition or achievement for management when controlling company wealth efficiently over a certain period of time.

The definition of financial performance is based on Fahmi's opinion (2018: 142), financial performance is an analysis that is carried out to ensure to what extent an entity has performed adequately and accurately by using a code of financial practice. Good company financial performance is a good and correct implementation of the applicable rules.

Based on some of the definitions above, it can be concluded that financial performance is an analysis that describes the results or performance achieved by the financial management of a company in managing its funds and assets according to the standards set by the company.

2.4. Financial Ratios

Financial ratios or financial ratios are very important to analyze the financial condition of a company. According to James C. Van Horne quoted by Kasmir (2018: 104), the concept of financial ratios is: "a financial ratio is an index that connects two accounting numbers and is obtained by dividing one number by another number."

So financial ratios are activities considering the values in financial information. This can be done between elements and elements in a financial report or between elements contained in a financial report.

Using financial ratios in measuring the financial performance of a business can be done using various kinds of financial ratios. Each financial ratio has a specific purpose, benefit, and meaning. Each result of the calculated ratio is then well defined for conclusion.

In general, in practice today there are five types of financial ratios that are often used to assess the financial condition and financial performance of a company. According to Kasmir (2018: 134), the five types of financial ratios are:

1. The Liquidity Ratio is the ratio used to measure a company's liquidity and determine its ability to collectfunds and pay its obligations when billed or due.

2. Solvability Ratio or RatioComposition of Equity or Leverage Ratio is a ratio that states the ability of a company to fulfill all of its obligations. Similar to the liquidity ratio, this ratio is also used for loan or financial risk analysis purposes.
3. Activity Ratiois the ratio required to assess the level of effectiveness of the use of assets owned by the company or to measure the company's capability in carrying out its daily activities. This ratio is also known as the asset utilization ratio, which is the ratio used to measure the effectiveness and strength of a company's assets to generate income.
4. Profitability Ratiois the ratio that represents the company's capacity to manifest profits. This ratio is divided into two types, namely return on investment and utilization rate.
5. Appraisal ratio or market size ratiois the ratio used in estimating the intrinsic value of a company (share value).

2.5. Definition of Profitability

Rentability is a comparison between profits on assets or equity that generates profits.

The Profitability Ratio is a ratio that is commonly used in assessing a company's capacity to earn profits within a certain period of time.

The general formula used is L/M, where L is profit and M is capital or equity held to make a profit.

This profitability ratio is closely related to the development of a company. A good ratio value means that the company is in an effective financial position. Rentability can also be used as a benchmark for determining issues that meet the company's financial interests, whether to use foreign equity as a loan or use its own equity.

Profitability is divided into two categories, namely economic profitability and equity profitability.

Economic Profitability

Economic Profitability is the relationship between profit and own capital and foreign capital used to obtain profits and is explained as a percentage. By using the formula:

$$\text{Economic Profitability} = \frac{\text{Laba Sebelum Pajak}}{\text{Modal Sendiri+Modal Asing}} \text{ x } 100\ \%$$

Therefore, the term profitability is sometimes used to assess the effectiveness of the application of equity in a company, so that economic profitability is understood to be a company's competence over all working equity to earn profits.

The estimated profit on economic profitability is the profit that arises from the results of a company's operations, which can be said to be operating or business profit. profits derived from external companies or corporations such as dividends, coupons and others are not included in the calculation.

1. Own Capital Profitability

Own capital profitability, namely the capability of a company for its own equity working in it to manifest

profit. With the profitability of its own capital, a company is able to see how much the profit level is obtained from the capital that has been invested. The profit calculated to calculate the profitability of own capital is net profit, namely operating profit after deducting interest on foreign equity and income tax or earnings after tax, meanwhile, the capital is own capital.

By using the formula:

$$\text{Profitability of Own Capital} = \frac{Earning\ After\ Tax\ (EAT)}{\text{Modal Sendiri}} \text{ x } 100\ \%$$

According to Kasmir (2019: 200), the types of profitability are:

a. Net Profit Margins (NPM)

NPM is the ratio of net profit (sales after deducting all taxes) to sales. The formula:

$$\text{Net Profit Margin} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Penjualan}} \text{ x } 100\ \%$$

b. Return On Equity (ROE)

ROE is a measure of the income presented to the

the owner of the company as equity invested in the company. The formula:

$$Return\ On\ Equity = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Ekuitas}} \text{ x } 100\ \%$$

c. Return On Assets (ROA)

Based on Hery's opinion (2018: 193), ROA is the ratio that determines how much wealth participation is to get net income. This ratio is used to assess how much net profit is generated by all rupiah funds recorded in total assets. The formula:

$$\textit{Return On Assets}=\frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aset}} \text{ x } 100\ \%$$

III. RESEARCH METHODS

3.1. Types of Research

The type of research used in this research is descriptive research. Descriptive research aims to produce systematic, actual and accurate descriptions, drawings or drawings of the facts, characteristics and relationships between the phenomena studied. This research was conducted using a quantitative approach, namely data analysis that relies on the ability to calculate data accurately and is expected to be able to interpret complex data.

3.2. Data and Data Collection Techniques

3.2.1. Data

The type of data used in this study is secondary data. Based on the opinion of Sugiyono (2019: 296) secondary data, namely data sources obtained by researchers indirectly through intermediary media (obtained and written down by third parties). Secondary data is generally in the form of evidence, reviews or archival reports. For example organizational structure, purchasing reports, inventory and sales reports.

3.2.2. Data collection technique

In this study, researchers used data collection techniques as follows:

a. Library Research

Data collection techniques by conducting literature research on books, literature, memos and reports that have to do with problem solving. The data obtained by the author in the method

This bibliography comes from journals related to titles, literary works, and similar research.

b. Documentation

As the name suggests, the documentation method is a data collection technique that uses various things or variables such as: newspapers, magazines, inscriptions, memos, transcripts, letters, agendas, and others.

3.3. Data Analysis Method

The data analysis method for measuring financial performance at PT Astra Agro Lestari Tbk is the profitability ratio to measure a company's ability to generate profits at a certain level of sales, assets and share capital. The ratios used include:

According to Kasmir (2019: 200), the types of profitability are:

a. Net Profit Margin (NPM)

NPM is the ratio of net profit (sales after deducting all taxes) to sales. The formula:

$$\text{Net Profit Margin} =\frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Penjualan}} \text{ x } 100\ \%$$

b. Return On Equity (ROE)

ROE is a measure of income available to

the owner of the company as capital invested in the company. The formula:

$$\textit{Return On Equity}=\frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Ekuitas}} \text{ x } 100\ \%$$

c. Return On Assets (ROA)

According to Hery (2018: 193), ROA is a ratio that shows how much wealth contributes to generating income

clean. This ratio is used to measure how much net profit is generated by all rupiah funds embedded in total assets. The formula:

$$\textit{Return On Assets}=\frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aset}} \text{ x } 100\ \%$$

IV. RESEARCH RESULTS AND DISCUSSION

4.1. Research Result

Financial statements are financial reports that are prepared on the basis of relevant data and implemented using correct accounting policies that provide a true and fair view of the company's financial position.

According to Atma Hayat et al (2018: 81), the definition of financial statements is the end result of an accounting process in which all transactions that occur are recorded, classified, summarized and put together in financial reports.

From the results of the analysis carried out by researchers on the company's financial statements using the profitability ratio with the available profitability formula, a financial ratio calculation can be obtained which is explained as follows:

1. Return On Assets (ROA)

Return On Assets(ROA) is a ratio that shows how far a company's assets are used effectively to gain profit. ROA is obtained from dividing net profit after tax with total assets. The higher ROA indicates that the company is more effective in generating net profit on the assets owned by the company.

Table 1. ROA data on PT Astra Agro Lestari Tbk Year 2017-2021

Year	Net Profit After Tax	Total assets	ROA (%)
2017	2,133,629	24,935,426	8.48%
2018	1,520,723	26,856,967	5.66%
2019	243,629	26,974,124	0.90%
2020	893,779	27,781,231	3.22%
2021	2,067,362	30,399,906	6.80%

Source: PT Astra Agro Lestari Tbk (Data Processed)

Based on the table above, it can be seen that ROA in 2017 was 8.48% and decreased to 5.66% in 2018, this was due to a decrease in net profit that year. In 2019 it again decreased by 0.90% which caused a decrease in net profit and net income for that year. In 2020 it experienced an increase of 3.22% and experienced the same thing in 2020, namely an increase of 6.80% in 2021.

2. Return On Equity(ROE)

*Return On Equity (ROE)*is the ratio that shows the company's ability to generate a return on equity owned. ROE can be obtained from the distribution of net profit after tax with equity or capital. The higher ROE indicates a company has a good ability to generate profits.

Table 2. ROE data on PT Astra Agro Lestari Tbk Year 2017-2021

Year	Net Profit After Tax	Owner's equity	ROE (%)
2017	2,133,629	18,536,438	11.40%
2018	1,520,723	19,474,522	7.81%
2019	243,629	18,978,527	1.28%
2020	893,779	19,247,794	4.64%
2021	2,067,362	21,171,173	9.76%

Source: PT Astra Agro Lestari Tbk (Data Processed)

Based on the table above, it can be seen that ROE in 2018 and 2019 decreased by 7.81% and 1.28% from the previous year of 11.40% in 2017, this was due to a decrease in net profit with equity capital invested in shareholders. However, in 2020 and 2021 it will increase by 4.64% and 9.76%. This is due to the increase in net profit by capitalizing on the equity that has been invested in shareholders.

3. Net Profit Margins(NPM)

Net Profit Margins(NPM) is a ratio that shows the extent to which a company's ability to generate profits at a certain level of sales. NPM can be obtained from the division between net profit after tax and total sales. The higher NPM shows the company has a good ability to generate profits.

Table 3. NPM data at PT Astra Agro Lestari Tbk Year 2017-2021

Year	Net Profit After Tax	Total Sales	NPM (%)
2017	2,133,629	17,305,688	12.21%
2018	1,520,723	19,084,387	7.97%
2019	243,629	17,452,736	1.40%

2020	893,779	18,807,043	4.75%
2021	2,067,362	24,322,048	8.50%

Source: PT Astra Agro Lestari Tbk (Data Processed)

Based on the table above, it can be seen that the Net Profit Margin (NPM) in 2018 and 2019 decreased by 7.97% and 1.40% from the previous 12.21% in 2017, this was due to the decrease in net profit that year. However, in 2020 and 2021 it will again experience an increase of 4.75% and 8.50% from the previous one. This is because net profit and sales in 2020 and 2021 have increased.

CONCLUSION

Based on the calculation results, it can be seen that Return On Assets (ROA) in 2018 and 2019 decreased by 5.66% and 0.90% respectively compared to 2017 of 8.48% and increased again in 2020 and 2021 by 3 .22% and 6.80%. And when viewed from Return On Equity (ROE) in 2018 and 2019 it decreased by 7.81% and 1.28% compared to 2017 of 11.40% and experienced an increase in 2020 and 2021 of 4.64% and 9.76%. Meanwhile, seen from the Net Profit Margin (NPM) in 2018 and 2019 it decreased by 7.97% and 1.40% compared to 2017 of 12.21% and rose again slowly in 2020 and 2021 of 4.75% and 8.50% although it has not reached the largest value in 2017 of 12.21%.

The company's financial performance in 2017-2021 shows that the company is in a bad condition because the figures generated for ROA, ROE, and NPM tend to fluctuate (fluctuate) with quite large differences. So, in terms of financial ratios, PT Astra Agro Lestari Tbk's financial performance can be said to be ineffective.

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