

ANALYSIS OF PROFITABILITY RATIO AS A TOOL TO ASSESS FINANCIAL PERFORMANCE AT PT. TIGA PILAR SEJAHTERA FOOD TBK

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ABSTRACT

Profitability ratio is a ratio to assess the company's ability to generate profits during a certain period. The types of ratios used in measuring company profitability are using gross profit margin, net profit margin, return on assets and return on equity. The purpose of this research is to analyze the financial performance of PT Tiga Pilar Sejahtera Food Tbk through profitability ratios. The method used in this research is descriptive qualitative, which is a method or way to conduct research on profitability ratio analysis to assess financial performance at PT Tiga Pilar Sejahtera Food Tbk. The results showed that gross profit margin increased, net profit margin decreased, return on assets decreased and return on equity decreased. Based on the results of the calculation of financial performance at PT Tiga Pilar Sejahtera Food Tbk during 2014 and 2015 when viewed from the profitability ratio is less efficient. The company is unable to evaluate or maintain the success of past financial performance.

Keywords: Profitability Ratio, Financial Performance, Financial Performance Measurement Tool

A. INTRODUCTION

A company is a unit of production activity that provides goods and services for the community which aims to make a profit and meet the needs of the community. Every company wants its goals to be achieved effectively and efficiently. Moreover, in the era of globalization like today (Hidayah et al., 2023), companies must be able to compete with their competitors in order to survive. The company's ability to compete is determined by whether the company's financial condition is good or bad, especially the company's financial performance. (Eviana, 2012)

The company's financial performance can be measured and seen through the financial statements, namely by analyzing the financial statements. Financial statements according (Kamsir, 2016) are the final process in the accounting process which has an important role for measuring and assessing the performance of a company. Financial statement analysis is the most frequently used analysis method because by using this method the company's financial performance can be known quickly. By knowing its performance, the company can make the right business decisions to achieve its goals. (Syahrial & Purba, 2013)

One way to assess the company's financial performance is to use profitability ratio analysis. Profitability is the level of the company's ability to generate profits. How much profit can be generated by the company is an important factor in measuring the success of the company's financial performance. This profitability assessment uses several criteria including: Gross Profit Margin, Net Profit Margin, Return on Assets and Return on Equity. (Ribo, 2013)

In connection with the assessment of the company's financial performance, PT Tiga Pilar Sejahtera Food Tbk is interesting for the author to study. PT Tiga Pilar Sejahtera Food Tbk is a multinational company that produces food based in Jakarta. In the 2014 period this company earned

a net profit of Rp. 739,434,000,000 much greater than the previous period which amounted to Rp. 679,440,000,000.

From the profitability ratio analysis, it can be seen the company's ability to generate profits during a certain period and also provide an overview of the company's success rate in carrying out its operating activities. The results of this profitability ratio analysis are then used as a guide for companies to assess the company's financial performance and used as a basis for making decisions.

Based on the description above, the author wants to discuss the assessment of financial performance based on profitability ratio analysis in related companies. For this reason, the authors are interested in taking the title of the final project, namely: "Profitability Ratio Analysis as a Tool for Assessing Financial Performance at PT. Tiga Pilar Sejahtera Food Tbk".

B. METHODOLOGY

This type of research is descriptive qualitative research, (Arifin, Pratama, & Utomo, 2023) which is research to contain a description or description systematically that is actual and accurate. The type of data used in this study is secondary data, namely data that has been processed by the company concerned and obtained by the author in finished form consisting of company history data, company profile, company organizational structure, company financial statements consisting of balance sheets and income statements.

The author conducted research on the financial statements of companies listed on the Indonesia Stock Exchange, namely PT Tiga Pilar Sejahtera Food Tbk for the period 2014 and 2015. With these financial statements the authors analyze to measure the company's profitability based on existing literature. Based on this analysis, the results or conclusions that occur in the related company will be obtained. (Ariyani, Darim, Megasari, Siswanto, & Pratama, 2022)

The independent variable used in this study is the profitability ratio, which is the ratio used to measure how much the company's ability to earn profits both from sales, assets and profit and loss of own capital. The analysis used in this study is Gross Profit Margin, Net Profit Margin, Return on Asset and Return on Equity.

The dependent variable used in this study is the result of the calculation of Gross Profit Margin, Net Profit Margin, Return on Asset and Return on Equity to determine the company's financial performance. Financial performance in the period 2014 - 2015 will be known by using the time series method.

C. RESULTS AND DISCUSSION

Results

The level of profitability of a company shows how much the company's ability to use its capital to generate profits in a certain period. To analyze the level of profitability at PT Tiga Pilar Sejahtera Food Tbk, the authors used financial statements for two periods, namely 2014-2015.

Gross Profit Margin is the ratio of net sales minus cost of goods sold to net sales or the ratio between gross profit compared to net sales. The greater the Gross Profit Margin, the better the condition of a company. (Prastowo, 2011)

Table 1. Results of Gross Profit Margin Calculation at PT Tiga Pilar Sejahtera Food

Year	Gross Profit	Net Sales	Gross Profit Margin (Gross Profit/Net Sales)
2014	1,040,734	5,139,974	0,20
2015	1,273,720	6,010,895	0,21

Source: data processed by researchers, (2024)

Gross profit margin in 2014 amounted to 0.20, meaning that every 1 rupiah of sales generated a gross profit of Rp. 0.20. While in 2015 the gross profit margin was 0.21, which means that every 1 rupiah of sales generated a gross profit of Rp. 0.21.

Net Profit Margin is the ratio between profit (net profit), namely sales after deducting all costs including taxes compared to sales. This ratio shows how much net profit is earned from each sale. The higher the net profit margin, the better the condition of the company.

Table 2. Results of Net Profit Margin Calculation at PT Tiga Pilar Sejahtera Food

Year	Gross Profit	Net Sales	Net Profit Margin (Net Profit/Net Sales)
2014	377,903	5,139,974	0,07
2015	373,750	6,010,895	0,06

Source: data processed by researchers, (2024)

Net profit margin in 2014 amounted to 0.07, which means that every Rp. 1 sales generated a net profit of Rp. 0.07. While in 2015 the net profit margin was 0.06, which means that every Rp.1 of sales generated a net profit of Rp.0.06.

Return On Asset is a measurement of the company's effectiveness in generating profits by utilizing its total assets. The greater the ROA, the better the company's performance, because the greater the return.

Table 3. Results of Return on Asset Calculation at PT Tiga Pilar Sejahtera Food

Year	Gross Profit	Net Sales	Return On Asset (Net Income/Total Assets)
2014	377,903	7,373,868	0,05
2015	373,750	9,060,979	0,04

Source: data processed by researchers, (2024)

Return On Asset in 2014 amounted to 0.05, which means that every Rp. 1 asset is able to generate a net profit of Rp. 0.05. While in 2015 the Return on Asset was 0.04, meaning that every Rp. 1 asset is able to generate a net profit of Rp. 0.04.

Return On Equity is a measurement for shareholders of the capital they invest in the company. The higher the return or income earned the better the state of the company.

Table 4. Results of Return On Equity Calculation at PT Tiga Pilar Sejahtera Food

Year	Gross Profit	Net Sales	Return On Equity (Net Income/Total Equity)
2014	377,903	3,585,936	0,11
2015	373,750	3,966,907	0,09

Source: data processed by researchers, (2024)

Return On Equity in 2014 amounted to 0.11, meaning that every Rp. 1 capital is able to generate net profit of Rp0.11. While Return on Equity in 2015 amounted to 0.09, meaning that every Rp. 1 capital is able to generate a net profit of Rp0.09.

Based on table 5 below, it can be seen that the financial performance of PT Tiga Pilar Sejahtera Food Tbk for the period 2014-2015 by comparing the results of the calculation of the profitability ratio in time series.

Table 5. Profitability Ratio Analysis of PT Tiga Pilar Sejahtera Food Tbk

Profitability Ratio	2014	2015	Increase/ Decrease
<i>Gross Profit Margin</i>	0,20	0,21	0,01
<i>Net Profit Margin</i>	0,07	0,06	-0,01
<i>Return On Assets</i>	0,05	0,04	-0,01
<i>Return On Equity</i>	0,11	0,09	-0,02

Source: data processed by researchers, (2024)

The following is an explanation of the recap of the calculation of the profitability ratio analysis from the table above:

1. Gross Profit Margin

$$\text{GPM}_{2014} < \text{GPM}_{2015} = 0.20 < 0.21$$

The company's financial performance seen from Gross Profit Margin in 2015 is better when compared to 2014.

2. Net Profit Margin

$$\text{NPM}_{2014} > \text{NPM}_{2015} = 0.07 > 0.06$$

The company's financial performance as seen from Net Profit Margin in 2014 is better when compared to 2015.

3. Return On Asset

$$\text{ROA}_{2014} > \text{ROA}_{2015} = 0.05 > 0.04$$

The company's financial performance as seen from Return on Asset in 2014 is better when compared to 2015.

4. Return On Equity

$$\text{ROE}_{2014} > \text{ROE}_{2015} = 0.11 > 0.09$$

Financial performance seen from Return on Equity in 2014 is better when compared to 2015.

Discussion

Based on the analysis of Gross Profit Margin, Net Profit Margin, Return on Asset and Return on Equity that has been done above, it can be seen that the financial condition of PT Tiga Pilar Sejahtera Food Tbk by comparing ratios during the 2014-2015 period in time series is as follows:

1. Gross Profit Margin

Analysis of profitability ratios in terms of Gross Profit Margin of PT Tiga Pilar Sejahtera Food Tbk in 2014 and 2015 resulted in consecutive ratio figures of 0.20. and 0.21. This means that the company's ability to generate gross profit from each sale has increased. The increase in this ratio indicates an increase in the level of effectiveness of the company in making sales to earn profits. Because the higher the gross profit margin, the higher the profit the company will get. (Zaman & Pratama, 2023)

2. Net Profit Margin

Analysis of profitability ratios in terms of Net Profit Margin of PT Tiga Pilar Sejahtera Food Tbk in 2014 amounted to 0.07 and in 2015 amounted to 0.06. The Net Profit Margin value decreased by 0.01 from 2014 to 2015. This indicates that the company cannot maintain the level of effectiveness in making sales. Or it can be said that the company cannot reduce costs so that costs experience an increase and also a decrease in sales which causes a decrease in profit margins. A decrease in this ratio will have a negative impact on the assessment of the company's financial performance.

In improving the company's operational capabilities through the size of the net profit margin, an important factor that must be considered is business costs. Increasing sales by reducing or minimizing costs or expenses can increase the company's profitability. (Pratama & Muhlisin, 2023)

3. Return On Asset

Analysis of profitability ratios in terms of Return on Asset of PT Tiga Pilar Sejahtera Food Tbk in 2014 amounted to 0.05 and in 2015 amounted to 0.04. This indicates that the company's ability to generate profits has decreased by 0.01. This was caused by a decrease in net profit of Rp. 373,750 and followed by an increase in total assets of Rp.9,060,979. This decrease indicates that the use of the company's assets has not been fully efficient and has not been able to increase the profit generated by the overall use of assets. (Rambe & Utami, 2021)

4. Return On Equity

Analysis of profitability ratios in terms of Return on Equity of PT Tiga Pilar Sejahtera Food Tbk in 2014 amounted to 0.11 and in 2015 amounted to 0.09. This indicates that the ability of own capital to generate net income has decreased by 0.02. This condition shows that the company's capital has not been efficient and has not been able to increase company profits. (Naini, Sugeng Santoso, Andriani, Claudia, & Nurfadillah, 2022)

D. CONCLUSION

Based on the results of research and data analysis conducted in the previous chapter. Then the authors draw several conclusions regarding the financial performance of PT Tiga Pilar Sejahtera Food Tbk based on the analysis of profitability ratios as follows: 1) Gross Profit Margin has increased by 0.01. Indicates an increase in the level of effectiveness of the company in making sales to earn profits; 2) Net Profit Margin decreased by 0.01. Shows that costs have increased and also a decrease in sales which has caused a decrease in profit margins. 3) Return on Asset decreased by 0.01. Shows that the use of company assets has not been fully efficient and has not been able to increase the profit generated by the overall use of assets; 4) Return on Equity decreased by 0.02. Indicates that the company's capital has not been efficient and has not been able to increase company profits.

In general, the company's financial performance based on the analysis of its profitability ratio during 2014-2015 has not been fully efficient. The company has not been able to maintain the success of the performance in the previous year. This is because the level of profitability, especially on net profit margin, return on assets and return on equity has decreased.

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