

FINANCIAL PERFORMANCE ANALYSIS AND THE EFFECT OF FINANCIAL RATIOS ON THE NET PROFIT MARGIN OF PT MIDI UTAMA INDONESIA, PT SUMBER ALFARIA TRIJAYA, AND PT SUPRA BOGA LESTARI FOR THE PERIOD 2014 – 2019

Gamma Indra Chutama
Dr. Raden Aswin Rahadi

ABSTRACT

This research aims to obtain information regarding the company's financial health and financial condition and figure out the effect of financial ratios on the Net Profit Margin. The ratio that would be used is the ratio from the decree of the Ministry of SOEs No.KEP-100/MBU/2002. The results explained that PT Supra Boga Lestari showed less healthy financial performance and financial condition with level BBB in 2015. PT Supra Boga Lestari runs into a loss of approximately Rp -17 billion. The ROE of PT Supra Boga Lestari in 2015 amounts to -0.04. In 2017, the financial performance of PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya showed less healthy conditions with level BBB. The condition was led by higher food, electricity, and vehicle registration leading to consumption growth, and the retail profit margin decreased. Nonetheless, those companies have a healthy level with an average AA for PT Supra Boga Lestari and average A for PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya. This research showed that the T-statistic test of ROE has a significant and positive effect partially on the Net Profit Margin. The value of the T-statistic amounts to 3.989. The value of Sig amounts to 0.05, which means T-statistic > T-table and Sig value < 0.05. Conversely, the variables of ROI, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Total Asset Ratio do not have a significant effect and a positive effect partially on the Net Profit Margin because of the value of T-statistic < T-table and Sig value > 0.05. In contrast, F-statistic shows the whole variables simultaneously affect a Net Profit Margin with the F-statistic value amounts to 14.694. The value of Sig amounts to 0.000, which means F-statistic > F-table and Sig value < 0.05. The coefficient determination result shows that the adjusted R square value amounts to 0.849, which means the entire variables affect a Net Profit Margin amount to 0.849 or 84.9%. The remaining value amounts to 15.1 % are affected by other factors outside the regression model. This result explains that ROE, Inventory Turnover, and Collection Period are appropriate with the previous research. In contrast, Return on Investment, Cash Ratio, Total Asset Turnover, and Equity Asset to Ratio are not appropriate with the previous research. This research will help the external and internal parties to consider the ROE factors partially. ROE, ROI, Collection Period, Inventory turnover, Total Asset Turnover, and Equity to Total Asset simultaneously to measure the company's Net Profit Margin's appropriateness. PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya should increase the Cash Ratio performance. Based on the result, the Cash Ratio performance of PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya is significantly different from PT Supra Boga Lestari. The company shows that the capability to pay off their current obligation is low. Equity to Asset Ratio of PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya is also significantly different from PT Supra Boga Lestari. PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya should reduce their debt and increase their equity to prevent enormous interest payable.

Keywords: Financial ratio, Financial performance, Financial health, Net Profit Margin

1. INTRODUCTION

The existence retail industry in Indonesia makes society having a new experience in shopping. In general, Retail Company has more than one branch and spread out around Indonesia. Creating a sustainable company, each retail company should have a competitive advantage, such as a unique product or different strategy to attract the consumer to shop in the retail market. In Indonesia, the retail industry's growth, mainly a modern market relatively fast. Generally, in the urban district, people will prefer to shop in the modern market rather than the traditional market. However, the modern market currently had been in rural areas.

The food industry comprises approximately 5,700 large and medium-sized producers with 765,000 employees and 1.61 million micro and small-scale producers, with 3.75 million employees. The value of the food and beverage processing industry is estimated at \$118 billion. Most products are consumed domestically (mostly retail), and the market is considered very competitive. Indonesian grocery retail sales reached \$108.84 billion in 2018 (Traditional Grocery Retailers held 83 percent share). The sales growth for 2019 is forecast at 8.9 percent. There are four players in the hypermarket group include Carrefour/Trans Mart, Giant, Hypermart, and Lotte Mart. Six player for supermarket segment include Alfa Midi, Hero, Superindo, Ranch Market & Farmers Market, Food Mart, The Food Hall). Major Convenience stores include Indomaret and Alfamart.

The CAGR of Indonesia is the predicted amount to 13.8% in 2024. The market segments are distribution channel, product category, and market dynamics. By having a large population and purchasing power of households, Indonesia's retail sector becomes the most promising markets in Asia. The higher food, vehicle registration, and electricity affected private consumption in 2017. Private consumption has been supported by lower credit costs, increasing employment, and social welfare expansion in 2018. In the last two years, household consumption in Indonesia has slow down. Indonesia households' consumption has been the most significant driving factor for the economy and more important than investment, exports, and government spending.

In order to grow the retail business, the company should improve its resources such as human resources and financial resources. One way to increase the financial resources is to owe the bank directly or invite the investor to invest their fund. The company should have adequate financial health and financial condition to owe the money to the bank or invite the investor to invest their fund. By doing this research, we can know which company has the best financial health and financial condition using the decree

of Ministry of SOEs No.KEP-100/MBU/2002. Also, this research will show which ratios that affect a Net Profit Margin partially. Previous research only uses three up to four independent variables to test the ratios' effect on the Net Profit Margin. In this research, the author uses seven ratios to test whether those seven ratios partially affect the Net Profit Margin.

2. LITERATURE REVIEW

2.1 Decree of Ministry of State-Owned Enterprise N0.KEP-100/MBU/2002

This research will use the decree of the Ministry of State-Owned Enterprise No.KEP-100/MBU/2002. The decree will measure the company's financial health condition, including ROE, ROI, Cash Ratio, Current Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Total Asset Ratio. Those ratios represent a performance of Profitability ratio, Liquidity ratio, Activity ratio, and Solvency ratio.

2.2 Financial Ratio

To assess the financial condition and company performance, the number that has been disclosed in the financial report will be meaningful if the numbers are compared to each other. The financial ratio is a ratio to assess financial performance and financial condition. A Financial ratio is obtained from comparing the account and another account with a relevant and significant relationship.

According to Brealey and Myers (2003), financial statements contain a considerable amount of data. Financial analysts condense this data into a manageable form by calculating a small number of critical financial ratios. A financial ratio is an activity to compare the numbers on financial statements by dividing one number and others (Kasmir, 2012: 104).

2.2.1 Return on Equity

According to (Kasmir, 2012: 204), ROE is a ratio to measure a net income after tax by the equity. According to Irham (2012), ROE is a ratio used to evaluate a firm to affect the company's resources to generate profit. Based on the theory above, ROE is a ratio to measure the company's capability to generate its profit by the equity.

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

2.2.2 Return on Investment

According to (Agus Sartono, 2010: 123), ROI is a measurement of the company's capability to generate profitability by using the entire company's assets. According to Saud and Pudjiastuti (2015), ROI is a measuring tool for analyzing and evaluating an investment's efficiency or comparing several different investment efficiencies. Based on the theory above, ROI is a measuring tool to measure its capacity to generate its profit by the company's investment and compare several different investment efficiencies.

$$\text{Return on Investment} = \frac{\text{EBIT} - \text{Depreciation}}{\text{Capital Employed}}$$

2.2.3 Cash Ratio

According to (Sutrisno, 2012: 215-216), the Cash ratio is a measurement to compare current assets and current liabilities. According to (Kasmir, 2016: 138), the Cash Ratio is a measuring tool to measure the available cash to pay off the obligation. This ratio shows the company's capability to pay off its current obligation. The high cash ratio explains that the company can pay off its current obligation using its cash and cash equivalent

$$\text{Cash ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$$

2.2.4 Current Ratio

According to (Kasmir, 2016: 136), the Current Ratio is a measuring tool to measure a company's capability in paying off short-term obligations or debt immediately due date when billed. According to (Sutrisno, 2012: 215-216), a Current Ratio is a ratio that compares current assets and short-term debt. This ratio shows the company's performance to pay off its current liability. By this ratio, the external or internal parties can see its capability to pay off its current obligations using the most liquid asset.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2.2.5 Collection Period

The average collection period is useful to evaluate credit and collection policies. This ratio shows the company's ability to collect entire credit sales. Using this ratio will explain the time to collect entire credit sales. Average Collection Period is calculated by dividing the average balance of account receivable by total net credit sales for the period and multiplying the quotient by the number of days.

$$\text{Collection Period} = \frac{\text{Accounts Receivable}}{\text{Annual Sales}} \times 365$$

2.2.6 Inventory Turnover

According to (Kasmir, 2008: 180), Inventory Turnover is a ratio to measure how many times the fund saves inventory to turn in one period. Inventory Turnover commonly measures the activity of firms' inventory. This ratio shows the company's performance to sell its inventory, becoming the revenue.

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Inventory}}$$

2.2.7 Total Asset Turnover

According to (Kasmir, 2008: 185), Total Asset Turnover is a ratio to measure the company's assets and measure several amounts of sales obtained from each generated rupiah. According to (Brigham and Houston, 2017), Total Asset turnover is a ratio used to measure the sales performance using the total asset. This ratio shows the company's capability in generating its sales by using the total asset.

$$\text{Total Asset Turnover} = \frac{\text{Sales}}{\text{Total Assets}}$$

2.2.8 Equity to Total Asset

Equity to Total Asset is a measurement to evaluate and analyze a company's capability to generate assets from the equity rather than by taking on debt. The lower ratio of equity means the company uses its debt more than its equity. In others word, the company, use its debt to run its business by using higher debt than its equity.

$$\text{Equity to Asset Ratio} = \frac{\text{Total Equity}}{\text{Total Assets}}$$

2.3 Previous Research

According to Eka Dila Dahlia (2017) and Riza Kurnia (2015), Net Profit Margin partially has a significant and positive effect on the Return on Equity. This result is corresponding to the author's result. The result defines Return on Equity has a significant and positive effect partially on the Net Profit Margin.

According to Veda Almira (2020), and Akbar, Sekar Ayu Margarita (2020), stated that Inventory Turnover does not have a significant and positive effect partially on the Net Profit Margin. This result is corresponding to the author's result. The result defines the Inventory Turnover as not having a significant and positive effect partially on the Net Profit Margin.

According to Fice Handayani (2018), stated that the Collection Period does not have a significant and positive effect partially on the Net Profit margin. This result is corresponding to the author's result. The result defines the Collection period as not having a significant and positive effect partially on the Net Profit Margin.

According to Deandra Nur Dwiansyah Chairul, Irni Yunita (2017), Net Profit Margin has a significant and positive effect partially on the Net Profit Margin. This result is not corresponding with the author's result. The result defines that the Return on Investment does not have a significant and positive effect partially on the Net Profit Margin.

According to Camellia Aghna (2019), the Cash Ratio has a significant and positive effect partially on the Net Profit Margin. This result is not corresponding with the author's result. The result defines the Cash Ratio as not having a significant and positive effect partially on the Net Profit Margin.

According to Windi Amand Amalia (2019), Total Asset Turnover has a significant and positive effect partially on the Net Profit Margin. This result is not corresponding with the author's result. The result defines Total Asset Turnover does not have a significant and positive effect partially on the Net Profit Margin.

2.4 Research Hypothesis

The hypothesis of the research is the temporary answer to the query of the research. The hypothesis can be explained using the sentence related to the research. According to Sugiyono (2009), the hypothesis is a temporary answer to the research's problem statement. The problem statement of the research is stated in the form of the query:

- H1= Return on Equity has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H2= Return on Investment has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H3= Cash Ratio has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H4= Collection Period has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H5= Inventory Turnover has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H6= Total Asset Turnover has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H7= Equity to Asset Ratio has a significant and positive effect partially on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.
- H8= Return on Equity, Return on Investment, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Asset Ratio have a significant and positive effect simultaneously on the Net Profit Margin of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari in period 2014 – 2019.

3. METHODOLOGY

This type of research is descriptive using a quantitative approach. Conducting this research, the author uses the secondary data obtained from the Indonesia Stock Exchange and each company’s website. This research will use the three companies is engaged in grocery companies listed on the Indonesia Stock Exchange. The author will calculate the data using a financial ratio formulation. The ratios that will be used are the ratio under the decree of the Ministry of SOEs No.KEP-100/MBU/2002 about the health level of the State-Owned Enterprise. This research also will find the effect of those ratios on the Net Profit Margin.

This research will determine which company has the best performance according to the decree of the Ministry of SOEs No.KEP-100/MBU/2002. The author will initially use the entire Financial Ratio Analysis (FRA) according to the Ministry of SOEs No.KEP-100/MBU/2002. Nonetheless, one variable, namely, Current Asset, does not meet the classical assumption test requirement. The author solely uses seven ratios.

4. FINDINGS AND ARGUMENT

4.1 Financial Ratio Analysis

4.1.1 Financial Ratio Analysis of PT Midi Utama Indonesia

Table 1 PT Midi Utama Indonesia based on the SOEs KEP-100/MBU/2002

INDICATORS	2014		2015		2016		2017		2018		2019	
	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES
ROE	23%	20.00	19%	20.00	22%	20.00	11%	14.00	15%	18.00	17%	20.00
ROI	16%	13.50	15%	12.00	15%	12.00	0.10	7.50	13%	10.50	14%	12.00
Cash Ratio	9%	1.00	8%	1.00	9%	1.00	0.08	1.00	7%	1.00	8%	1.00
Current Ratio	82%	0.00	0.79	0.00	77%	0.00	0.72	0.00	73%	0.00	78%	0.00
Collection Period	6.85	5.00	10.49	5.00	12.10	5.00	11.96	5.00	14.58	5.00	8.22	5.00
Inventory Turnover	45.48	5.00	38.58	5.00	41.83	5.00	42.25	5.00	40.57	5.00	41.31	5.00
Total Asset Turnover	331%	5.00	329%	5.00	300%	5.00	300%	5.00	318%	5.00	339%	5.00
Equity To Asset Ratio	24%	7.25	23%	7.25	21%	7.25	0.19	6.00	22%	7.25	24%	7.25
Total Score		56.75		55.25		55.25		43.50		51.75		55.25
Total Weight		70.00		70.00		70.00		70.00		70.00		70.00
Weight		81%		79%		79%		62%		74%		79%
Category		AA		A		A		BBB		A		A
Status		Healthy		Healthy		Healthy		Less Healthy		Healthy		Healthy

The author uses the Ministry of State-Owned Enterprise decree to gain information regarding the financial performance analysis and financial health condition of PT Midi Utama Indonesia. Depicted in the table above, the financial condition of PT Midi Utama Indonesia from the year 2014 – 2019 overall has a healthy status condition with category A ($65 < T.S. \leq 80$). However, in 2017, the financial condition of PT Midi Utama is less healthy with category BBB ($50 < TS \leq 65$). The bad financial performance and financial condition due to private consumption in 2017 were affected by higher food, electricity, and vehicle registration, leading to consumption growth, and the retail profit margin decreased. The best financial performance and financial condition of PT Midi Utama Indonesia were in 2014 with category A.A. with weighted value amounts of 81%. In contrast, the worst financial performance and financial condition of PT Midi Utama Indonesia were in 2017, with a weighted value amounting to 62%. Even though the company’s weighted value from 2014 – 2019 decreased, overall, PT Midi Utama Indonesia’s financial condition was healthy category A.

4.1.2 Financial Ratio Analysis of PT Sumber Alfaria Trijaya

Table 2 PT Sumber Alfaria Trijaya based on the SOEs KEP-100/MBU/2002

INDICATORS	2014		2015		2016		2017		2018		2019	
	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES
ROE	18%	20.00	9%	12.00	11%	14.00	6%	8.50	11%	14.00	16%	20.00
ROI	14%	12.00	12%	9.00	16%	13.50	14%	12.00	17%	13.50	18%	13.50
Cash Ratio	6%	1.00	11%	2.00	8%	1.00	7%	1.00	19%	3.00	26%	4.00
Current Ratio	91%	1.00	110%	4.00	90%	1.00	88%	0.00	115%	4.00	112%	4.00
Collection Period	13.49	5.00	10.01	5.00	11.77	5.00	11.27	5.00	10.75	5.00	7.44	5.00
Inventory Turnover	42.37	5.00	34.38	5.00	39.42	5.00	41.18	5.00	39.45	5.00	37.91	5.00
Total Asset Turnover	417%	5.00	459%	5.00	409%	5.00	388%	5.00	401%	5.00	393%	5.00
Equity To Asset Ratio	21%	7.25	32%	10.00	27%	7.25	24%	7.25	27%	7.25	29%	7.25
Total Score		56.25		52.00		51.75		43.75		56.75		63.75
Total Weight		70.00		70.00		70.00		70.00		70.00		70.00
Weight		80%		74%		74%		63%		81%		91%
Category		A		A		A		BBB		AA		AA
Status		Healthy		Healthy		Healthy		Less Healthy		Healthy		Healthy

The author uses the Ministry of State-Owned Enterprise decree to gain information regarding the financial performance analysis and health condition of PT Sumber Alfaria Trijaya. Depicted in the table above, the financial condition of PT Sumber Alfaria Trijaya from the year 2014 – 2019 overall has a healthy status condition with category A ($65 < T.S. \leq 80$). However, in 2017, the financial condition of PT Sumber Alfaria Trijaya was less healthy with category BBB ($50 < T.S. \leq 65$). The bad financial performance and financial condition due to private consumption in 2017 were affected by higher food, electricity, and vehicle registration, leading to consumption growth. The retail profit margin decreased. The best performance and financial condition of PT Sumber Alfaria Trijaya were in 2019 with category A.A. with a weighted value amounting to 91%. In contrast, the company's worst performance and financial condition were in 2017 with category BBB and a weighted value amounting to 63%. Refer to the table above, the company's performance and financial condition are increased from the year 2014 – 2019.

4.1.3 Financial Ratio Analysis of PT Supra Boga Lestari

Table 2 PT Supra Boga Lestari based on the SOEs KEP-100/MBU/2002

INDICATORS	2014		2015		2016		2017		2018		2019	
	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES	RATIO	SCORES
ROE	4%	5.50	-4%	0.00	9%	12.00	9%	12.00	10%	14.00	10%	14.00
ROI	12%	10.50	7%	5.00	20%	15.00	17%	13.50	18%	13.50	18%	13.50
Cash Ratio	28%	4.00	30%	4.00	40%	5.00	55%	5.00	71%	5.00	74%	5.00
Current Ratio	131%	5.00	133%	5.00	159%	5.00	160%	5.00	156%	5.00	169%	5.00
Collection Period	8.05	5.00	7.41	5.00	7.08	5.00	7.03	5.00	6.28	5.00	3.12	5.00
Inventory Turnover	40.87	5.00	37.71	5.00	36.96	5.00	40.04	5.00	35.26	5.00	41.60	5.00
Total Asset Turnover	322%	5.00	399%	5.00	418%	5.00	383%	5.00	363%	5.00	345%	5.00
Equity To Asset Ratio	52%	8.50	54%	8.50	60%	8.50	57%	8.50	56%	8.50	58%	8.50
Total Score		48.50		37.50		60.50		59.00		61.00		61.00
Total Weight		70.00		70.00		70.00		70.00		70.00		70.00
Weight		69%		54%		86%		84%		87%		87%
Category		A		BBB		AA		AA		AA		AA
Status		Healthy		Less Healthy		Healthy		Healthy		Healthy		Healthy

The author uses the Ministry of State-Owned Enterprise decree to gain information regarding the financial performance analysis and financial health condition of PT Supra Boga Lestari. Depicted in the table above, PT Supra Boga Lestari's financial condition from the year 2014 – 2019 overall has a healthy condition with category A.A. ($80 < T.S. \leq 95$). However, in 2015, PT Supra Boga Lestari's financial condition was a less healthy condition with category BBB ($50 < T.S. \leq 65$). The worst financial performance and financial condition because that year ran into a loss so that the ROE is negative. The best performance and the financial condition were in 2019 and 2018 with category A.A. and a weighted value amounting to 87%. In contrast, the worst performance and financial condition were in 2015 with category BBB and a weighted value amounting 54%. According to the SOEs' decree and enclosed in the table above, its performance and financial condition increased from 2014 – 2019.

4.2 The Effect of ROE, ROI, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Asset Ratio on the Net Profit Margin

4.2.1 T-statistic Test

Table 4 Coefficient for T-statistic test

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.034	.024		1.410	.189
	x1 (ROE)	.103	.026	.811	3.989	.003
	x2 (ROI)	.087	.044	.334	1.989	.075
	x3 (Cash Ratio)	-.003	.009	-.072	-.285	.782
	x4 (Collection Period)	-.001	.000	-.179	-1.079	.306
	x5 (Inventory Turnover)	-.001	.000	-.244	-1.899	.087
	x6 (Total Asset to Ratio)	-.005	.002	-.259	-1.892	.088
	x7 (Equity to Asset Ratio)	.019	.015	.358	1.281	.229

a. Dependent Variable: y (Net Profit Margin)

The Effect of ROE on Net Profit Margin

The outcome of multiple linear regressions explains that the T-statistic value test amounts to 3.989, and the Sig value amounts to 0.003. It means T-statistic > T-table and Sig value < 0.05. Therefore, based on the decision making, independent variable X1 (ROE) affects the dependent variable so that hypothesis H1 is accepted.

The Effect of ROI on Net Profit Margin

According to the outcome of multiple linear regressions, we can see that the T-statistic value test amounts to 1.989, and the Sig value amounts to 0.075. It means T-statistic < T-table and Sig value > 0.05. Therefore, based on the decision making, independent variable X2 (ROI) does not affect the dependent variable, so hypothesis H1 is rejected.

The Effect of Cash Ratio on Net Profit Margin

The outcome of multiple linear regressions explains that the T-statistic value test amounts to -0.285, and the Sig value amounts to 0.782. It means T-statistic < T-table and Sig value > 0.05. Therefore, based on the decision making, independent variable X3 (Cash Ratio) does not affect the dependent variable, so hypothesis H1 is rejected.

The Effect of Collection Period on Net Profit Margin

The outcome of multiple linear regressions explains that the T-statistic value test amounts to -1.079, and the Sig value amounts to 0.306. It means T-statistic < T-table and Sig value > 0.05. Therefore, based on the decision making, independent variable X4 (Collection Period) does not affect the dependent variable, so hypothesis H1 is rejected.

The Effect of Inventory Turnover on Net Profit Margin

The outcome of multiple linear regressions explains that the T-statistic value test amounts to -1.899, and the Sig value amounts to -0.087. It means T-statistic < T-table and Sig value > 0.05. Therefore, based on the decision making, independent variable X5 (Inventory turnover) does not affect the dependent variable, so hypothesis H1 is rejected.

The Effect of Total Asset Turnover on Net Profit Margin

The outcome of multiple linear regressions explains that the T-statistic value test amounts to -1.892, and the Sig value amounts to 0.088. It means T-statistic < T-table and Sig value > 0.05. Therefore, based on the decision making, independent variable X6 (Total Asset turnover) does not affect the dependent variable, so hypothesis H1 is rejected.

The Effect of Equity to Asset Ratio on Net Profit Margin

The outcome of multiple linear regressions explains that the T-statistic value test amounts to 1.281, and the Sig value amounts to 0.229. It means T-statistic < T-table and Sig value > 0.05. Therefore, based on the decision making, independent variable X7 (Equity to Total Asset Ratio) does not affect the dependent variable, so hypothesis H1 is rejected.

4.2.2 F-statistic Test

Table 5 ANOVA for the F-statistic test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.001	7	.000	14.694	.000 ^b
	Residual	.000	10	.000		
	Total	.001	17			

a. Dependent Variable: y (Net Profit Margin)

b. Predictors: (Constant), x7 (Equity to Asset Ratio), x6 (Total Asset to Ratio), x2 (ROI), x5 (Inventory Turnover, x4 (Collection Period), x1 (ROE), x3 (Cash Ratio)

The Effect of Return on Equity, Return on Investment, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Asset Ratio on Net Profit Margin.

The multiple linear regression outcome explains that the F-statistic value test amounts to 14.694 and the Sig value amounts to 0.000. It means F-statistic > F-table and Sig value < 0.05. Therefore, based on the decision making, whole independent variables X1, X2, X3, X4, X5, X6, and X7 affect dependent variable Y simultaneously so that hypothesis H1 is acceptable.

Table 6 Model Summary for Coefficient Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.955 ^a	.911	.849	.00326

a. Predictors: (Constant), x7 (Equity to Asset Ratio), x6 (Total Asset to Ratio), x2 (ROI), x5 (Inventory Turnover), x4 (Collection Period), x1 (ROE), x3 (Cash Ratio)

Coefficient Determination

The outcome of multiple linear regressions showed that the value of adjusted R square amounts to 0.849. It explains that Net Profit Margin is affected by ROE, ROI, Collection Period, Inventory Turnover, Total Asset to Ratio, and Equity to Asset Ratio amounts to 0.849 or 84.9%. The remaining amount, 15.1%, is affected by the factors from the outside.

CONCLUSIONS

This research uses the decree of the Ministry of State-Owned Enterprise KEP- 100/MBU/2002 to measure the financial performance and financial condition of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari. This research will determine which companies have the best financial performance and financial condition. This research will also determine the effect of those seven ratios used to measure the financial performance and financial condition. The author analyses the company engaged in the retail industry, especially for the grocery industry, and was also listed on the Indonesia Stock Exchange.

The author uses the Decree of Ministry of Stated Owned Enterprises KEP- 100/MBU/2002 to obtain the information regarding performance analysis and financial condition of PT Midi Utama Indonesia, PT Sumber Alfaria Trijaya, and PT Supra Boga Lestari. From the results above, PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya in 2017 shows unhealthy financial performance and financial condition with level BBB. It leads to both companies' performance in that year is the worst among 2014 – 2019. Refer to the ratio analysis in 2017. Both companies have terrible performance in Profitability Ratio. In that year the Net Profit Margin of both companies is decreased. PT Supra Boga Lestari in 2015 shows unhealthy financial performance and financial condition with level BBB. It leads PT Supra Boga Lestari's performance in that year is the worst among 2014 – 2019. Refer to the ratio analysis in 2015. PT Supra Boga Lestari has a terrible performance in Profitability Ratio. In that year, PT Supra Boga Lestari runs into a loss. Overall, the third companies show that the average financial performance and financial condition is healthy. Nonetheless, the healthy financial performance of PT Supra Boga Lestari level is better than PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya with the level AA, whereas PT Midi Utama Indonesia and PT Sumber Alfaria Trijaya have average level A.

The result also shows the effect of ROE, ROI, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Asset Ratio to Net Profit Margin. The result as follows:

- a) The result of Multiple linear regression shows that Net Profit Margin was affected by the ROE, ROI, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Asset Ratio amount to 84.9%. The remaining 15.1% is affected by the other reason outside the model. The outcome shows the high effect simultaneously those ratios to Net Profit Margin.
- b) The ratios that affect Net Profit Margin partially is only ROE. The results show that the ROE has a T-statistic $>$ T-table and a significant value $<$ 0.05. It means ROE has a positive and significant effect on Net Profit Margin, so hypothesis H₀ is rejected, and H₁ is acceptable. The ratio does not partially affect Net Profit Margin: ROI, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity to Asset Ratio. The results show that those ratios have a T-statistic value $<$ T-table and a significant value $>$ 0.05. It means those ratios have no positive and significant effect on Net Profit Margin than the hypothesis for those ratios H₀ acceptable and H₁ is rejected.
- c) The ratios of ROE, ROI, Cash Ratio, Collection Period, Inventory Turnover, Total Asset Turnover, and Equity Asset to Ratio have a significant and positive effect on Net Profit Margin simultaneously. The results show that the value of F-statistic $>$ F-table and significant value $<$ 0.05, then the hypothesis of H₀ is rejected and H₁ is acceptable.

The research quality should be increased by adding the sample data and using the entire retail company listed on the Indonesia Stock Exchange to have accurate result related to which ratio affect a Net Profit Margin. The researcher should not only rely on the ratio from the Ministry of SOEs. Therefore, the researcher has to use all the ratios of Profitability, Liquidity, Activity, and Solvency to obtain an accurate result to measure its financial performance and financial condition.

REFERENCES

- Aghna Camellia, 2019, The Effect of Cash Ratio and Primary Ratio to Net Profit Margin, Study Case PT Bank Panin Dubai Syariah, Skripsi, Bandung, Universitas Islam Negeri Sunan Gunung Djati.
- Agus Sartono, 2010, Menejemen Keuangan Teori dan Aplikasi (Edisi 4), Yogyakarta: BPFE.
- Akbar, Ayu Sekar, Margaritha, 2020, The effect of Inventory Turnover to the Net Profit Margin, Study Case PT Sumber Alfaria Trijaya Tbk listed in Indonesia Stock Exchange, Prismakom, Vol.17, No. 2.
- Amalia Windi Amanda, 2019, The Effect of Fixed Asset Turnover and Total Asset Turnover to Net Profit Margin on PT Astra International Tbk, Bandung, Universitas Islam Negeri Sunan Gunung Djati.
- Brealey. R.A, and S.C. Myers, 2003, Principles of Corporate Finance (7th edition), New York: McGraw Hill.
- Brigham and Houston, 2017, *Dasar-Dasar Manajemen Keuangan*, Jakarta: Salemba Empat.
- Chairul Deandra Nur Dwiansyah, Yunita Irni, 2017, Analysis From The Effect of Net Profit Margin, Total Asset Turnover, Current Ratio, and Net Income to Return on Investment, E- Proceeding of Management, ISSN: 2355-9357, Vol.4, No.3.
- Eka Dila, 2017, The Effect of Net Profit Margin and Total Asset Turnover To Return on Equity to Company L.Q. 45 listed in Indonesia Stock Exchange, Menara Ekonomi, ISSN: 2407-8565; E- ISSN: 2579-5295, Vol.3, No. 6.
- Fahmi, Irham. 2012, Analisis Kinerja Keuangan”, Bandung: Alfabeta
- Handayani Flce, Fitriani, 2018, The Effect of Current Ratio, Average Collection Period, and Return on Asset to Net Profit Margin on PT Auto Parts Center Balikpapan, Jurnal Ilmiah Akuntansi, Vol.7, No. 1, Balikpapan, Sekolah Tinggi Ilmu Akuntansi Balikpapan.
- Husnan Saud, dan Enny Pudjiastuti, 2015, Dasar-Dasar Manajemen Keuangan (Edisi Ketujuh), Yogyakarta: UPP STIM YKPN.
- Kasmir, 2008, Analisis Laporan Keuangan, Jakarta: Rajawali Pers.
- Kasmir, 2012, Analisis Laporan Keuangan, Jakarta: PT Raja Grafindo Persada.
- Kasmir, 2016, Analisis Laporan Keuangan, Jakarta: PT Raja Grafindo Persada.
- Kurnia Riza, 2015, The Effect of Net Profit Margin, Current Ratio, Debt to Equity Ratio and Total Asset Turnover to Return on Equity to Manufacturing Company listed in Indonesia Stock Exchange in period 2010 – 2013, Kediri, Fakultas Ekonomi Nusantara PGRI Kediri.
- Sugiyono, 2009, Metode Penelitian Kuantitatif, Kualitatif dan R&D, Bandung: Alfabeta.
- Sutrisno, 2012, Manajemen Keuangan Teori, Konsep dan Aplikasi, Yogyakarta: EKONISIA.
- Veda Almira, 2020, The Effect Inventory Turnover, Receivable Turnover, Working Capital Turnover, Cash Turnover, and Sales Growth to Net Profit Margin on Manufacturing Industry Listed in Indonesia Stock Exchange in period 2011 – 2013, Tanjung Pinang, Universitas Maritim Raja Ali Haji.

APPENDIX 1

Ratio Calculation

PT MIDI UTAMA INDONESIA													
		2014		2015		2016		2017		2018		2019	
ROE	Laba Setelah Pajak		145,945.00		140,511.00		196,043.00		102,812.00		159,154.00		203,070.00
	Modal Sendiri		630,095.00	0.23	735,705.00	0.19	895,105.00	0.22	922,870.00	0.11	1,080,821.00	0.15	1,220,999.00
ROI	EBIT + Penyusutan		291,149.00		333,500.00		429,045.00		340,374.00		422,517.00		473,493.00
	Total Aktiva - Aktiva Tetap		1,796,473.00	0.16	2,178,520.00	0.15	2,832,832.00	0.15	3,252,901.00	0.10	3,361,983.00	0.13	3,432,155.00
Cash Ratio	Cash + Bank + Surat berharga jangka pendek		134,294.00	0.09	127,934.00	0.08	211,041.00	0.09	229,109.00	0.08	196,898.00	0.07	241,125.00
	Current Liabilities		1,452,875.00		1,647,881.00		2,245,119.00		2,732,215.00		2,959,873.00		2,898,464.00
Current Ratio	Current Asset		1,198,479.00	0.82	1,301,579.00	0.79	1,720,167.00	0.77	1,970,840.00	0.72	2,174,526.00	0.73	2,255,382.00
	Current Liabilities		1,452,875.00		1,647,881.00		2,245,119.00		2,732,215.00		2,959,873.00		2,898,464.00
Collection Period	Total Piutang Usaha	x 365	111,562.00	6.85	206,111.00	10.49	281,569.00	12.10	320,014.00	11.96	427,390.00	14.58	261,661.00
	Total Pendapatan Usaha		5,943,010.00		7,171,904.00		8,493,119.00		9,767,592.00		10,701,575.00		11,625,313.00
Perputaran Persediaan	Total Persediaan	x 365	740,589.00	45.48	758,064.00	38.58	973,331.00	41.83	1,130,712.00	42.25	1,189,510.00	40.57	1,315,746.00
	Total Pendapatan Usaha		5,943,010.00		7,171,904.00		8,493,119.00		9,767,592.00		10,701,575.00		11,625,313.00
Total Asset Turnover	Total Pendapatan		5,943,010.00	3.31	7,171,904.00	3.29	8,493,119.00	3.00	9,767,592.00	3.00	10,701,575.00	3.18	11,625,313.00
	Total Aktiva - Aktiva tetap	x 100%	1,796,473.00		2,178,520.00		2,832,832.00		3,252,901.00		3,361,983.00		3,432,155.00
Equity To Asset Ratio	Total Equity		630,095.00	0.24	735,705.00	0.23	895,105.00	0.21	922,870.00	0.19	1,080,821.00	0.22	1,220,999.00
	Total Asset		2,575,859.00		3,232,642.00		4,261,283.00		4,878,115.00		4,960,145.00		4,990,309.00
Net Profit Margin	Laba bersih		145,945.00	0.02	140,511.00	0.02	196,043.00	0.02	102,812.00	0.01	159,154.00	0.01	203,070.00
	Pendapatan Bersih		5,943,010.00		7,171,904.00		8,493,119.00		9,767,592.00		10,701,575.00		11,625,313.00
Perubahan Laba	Laba bersih sekarang - Laba Bersih sebelumnya		78,619.00	1.17	-5,434.00	-0.04	55,532.00	0.40	-93,231.00	-0.48	56,342.00	0.55	43,916.00
	Laba bersih tahun sebelumnya		67,326.00		145,945.00		140,511.00		196,043.00		102,812.00		159,154.00

PT SUMBER ALFARIA TRIJAYA													
		2014		2015		2016		2017		2018		2019	
ROE	Laba Setelah Pajak		539,553.00		451,088.00		601,589.00		300,275.00		650,138.00		1,112,513.00
	Modal Sendiri		2,995,588.00	0.18	4,850,216.00	0.09	5,294,763.00	0.11	5,250,170.00	0.06	6,017,558.00	0.11	6,884,307.00
ROI	EBIT + Penyusutan		1,372,818.00		1,398,965.00		2,234,581.00		2,262,396.00		2,823,110.00		3,353,844.00
	Total Aktiva - Aktiva Tetap		9,959,007.00	0.14	10,517,801.00	0.12	13,730,989.00	0.16	15,858,836.00	0.14	16,668,728.00	0.17	18,539,084.00
Cash Ratio	Cash + Bank + Surat berharga jangka pendek		537,988.00	0.06	764,766.00	0.11	936,614.00	0.00	946,700.00	0.07	2,070,429.00	0.19	3,898,050.00
	Current Liabilities		8,534,521.00		7,023,633.00		11,420,080.00		15,055,903.00		11,126,956.00		14,782,817.00
Current Ratio	Current Asset		7,805,421.00	0.91	7,738,527.00	1.10	10,232,917.00	0.90	11,544,190.00	0.88	12,791,052.00	1.15	14,782,817.00
	Current Liabilities		8,534,521.00		7,023,633.00		11,420,080.00		15,055,903.00		11,126,956.00		13,187,601.00
Collection Period	Total Piutang Usaha	x 365	1,533,402.00	13.49	1,324,004.00	10.01	1,808,864.00	11.77	1,897,118.00	11.27	1,968,644.00	10.75	1,485,936.00
	Total Pendapatan Usaha		41,495,720.00		48,285,453.00		56,107,056.00		61,464,903.00		66,817,305.00		72,944,988.00
Perputaran Persediaan	Total Persediaan	x 365	4,817,131.00	42.37	4,545,923.00	34.38	6,058,907.00	39.42	6,934,065.00	41.18	7,231,444.00	39.44	7,577,090.00
	Total Pendapatan Usaha		41,495,720.00		48,285,453.00		56,107,056.00		61,464,903.00		66,817,305.00		72,944,988.00
Total Asset Turnover	Total Pendapatan		41,495,720.00	4.17	48,285,453.00	4.59	56,107,056.00	4.09	61,464,903.00	3.88	66,817,305.00	4.01	72,944,988.00
	Total Aktiva - Aktiva tetap	x 100%	9,959,007.00		10,517,801.00		13,730,989.00		15,858,836.00		16,668,728.00		18,539,084.00
Equity To Asset Ratio	Total Equity		2,995,588.00	0.21	4,850,216.00	0.32	5,294,763.00	0.27	5,250,170.00	0.24	6,017,558.00	0.27	6,884,307.00
	Total Asset		13,889,045.00		15,195,887.00		19,474,367.00		21,903,740.00		22,185,968.00		23,992,313.00
Net Profit Margin	Laba bersih		539,553.00	0.01	451,088.00	0.01	601,589.00	0.01	300,275.00	0.00	650,138.00	0.01	1,112,513.00
	Pendapatan Bersih		41,495,720.00		48,285,453.00		56,107,056.00		61,464,903.00		66,817,305.00		72,944,988.00
Perubahan Laba	Laba bersih sekarang - Laba Bersih sebelumnya		1,196.00	0.00	-8,465.00	-0.16	150,501.00	0.33	-301,314.00	-0.50	349,863.00	1.17	462,375.00
	Laba bersih tahun sebelumnya		538,357.00		539,553.00		451,088.00		601,589.00		300,275.00		650,138.00

PT SUPRA BOGA LESTARI													
		2014		2015		2016		2017		2018		2019	
ROE	Laba Setelah Pajak		15,196,920.357.00		-17,164,331.920.00		40,728,280.530.00		39,277,116.065.00		50,823,153.085.00		56,339,859.609.00
	Modal Sendiri		404,070,307.852.00	0.04	387,501,041.606.00	-0.04	431,117,965.237.00	0.09	460,602,707.385.00	0.09	504,044,024.441.00	0.10	547,803,234.745.00
ROI	EBIT + Penyusutan		62,569,259.686.00		32,217,855.373.00		99,184,310.847.00		97,815,582.347.00		117,803,212.159.00		124,467,625.746.00
	Total Aktiva - Aktiva Tetap		511,590,299.272.00	0.12	479,858,938.085.00	0.07	493,192,801.644.00	0.20	571,047,225.755.00	0.17	648,743,521.600.00	0.18	695,044,066.962.00
Cash Ratio	Cash + Bank + Surat berharga jangka pendek		88,773,187.845.00	0.28	87,939,865.058.00	0.30	101,262,158.894.00	0.40	148,739,021.798.00	0.55	248,393,790.857.00	0.71	259,300,425.706.00
	Current Liabilities		310,180,486.006.00		295,787,545.919.00		254,396,030.475.00		302,213,795.172.00		348,666,837.381.00		348,825,244.359.00
Current Ratio	Current Asset		407,258,605.968.00	1.31	394,816,806.281.00	1.33	405,493,726.841.00	1.59	483,421,701.709.00	1.60	544,178,319.988.00	1.56	589,811,662.008.00
	Current Liabilities		310,180,486.006.00		295,787,545.919.00		254,396,030.475.00		302,213,795.172.00		348,666,837.381.00		348,825,244.359.00
Collection Period	Total Piutang Usaha	x 365	36,298,132.783.00	8.05	38,894,667.594.00	7.41	40,024,185.952.00	7.08	42,195,993.927.00	7.03	46,533,512.101.00	6.28	20,504,676.857.00
	Total Pendapatan Usaha		1,646,583,614.888.00		1,915,698,999.785.00		2,063,882,006.646.00		2,189,573,735.873.00		2,355,625,271.907.00		2,397,792,415.330.00
Perputaran Persediaan	Total Persediaan	x 365	184,377,621.106.00	40.87	187,936,398.620.00	37.71	209,803,843.957.00	36.96	340,216,092.106.00	40.04	227,545,412.803.00	35.26	273,365,368.760.00
	Total Pendapatan Usaha		1,646,583,614.888.00		1,915,698,999.785.00		2,063,882,006.646.00		2,189,573,735.873.00		2,355,625,271.907.00		2,397,792,415.330.00
Total Asset Turnover	Total Pendapatan		1,646,583,614.888.00	3.22	1,915,698,999.785.00	3.99	2,063,882,006.646.00	4.18	2,189,573,735.873.00	3.83	2,355,625,271.907.00	3.63	2,397,792,415.330.00
	Total Aktiva - Aktiva tetap	x 100%	511,590,299.272.00		479,858,938.085.00		493,192,801.644.00		571,047,225.755.00		648,743,521.600.00		695,044,066.962.00
Equity To Asset Ratio	Total Equity		404,070,307.852.00	0.52	387,501,041.606.00	0.54	431,117,965.237.00	0.60	460,602,707.385.00	0.57	504,044,024.441.00	0.56	547,803,234.745.00
	Total Asset		782,438,736.120.00		720,738,966.122.00		721,237,977.450.00		804,020,324.061.00		904,003,739.438.00		952,496,300.846.00
Net Profit Margin	Laba bersih		15,196,920.357.00	0.01	-17,164,331.920.00	-0.01	40,728,280.530.00	0.02	39,277,116.065.00	0.02	50,823,153.085.00	0.02	56,339,859.609.00
	Pendapatan Bersih		1,646,583,614.888.00		1,915,698,999.785.00		2,063,882,006.646.00		2,189,573,735.873.00		2,355,625,271.907.00		2,397,792,415.330.00
Perubahan Laba	Laba bersih sekarang - Laba Bersih sebelumnya		-19,909,577.280.00	-0.57	-32,363,252.277.00	-2.13	57,892,612.450.00	-3.37	-1,451,162.465.00	-0.04	11,546,035.020.00	0.29	5,516,706.524.00
	Laba bersih tahun sebelumnya		35,108,497.637.00		15,196,920.357.00		-17,164,331.920.00		40,728,280.530.00		39,277,116.065.00		50,823,153.085.00

Gamma Indra Chutama
School Business and Management
Institut Teknologi Bandung, Jakarta Campus
Email: Email: gammachuta2504@gmail.com

Dr. Raden Aswin Rahadi
School Business and Management
Institut Teknologi Bandung, Jakarta Campus
Email: aswin.rahadi@sbm-itb.ac.id