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PROFITABILITY RATIO ANALYSIS AT PT. ACE HARDWARE INDONESIA TBK YEAR 2016-2020

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Abstract

This study aims to determine and analyze the financial performance of PT. Ace Hardware Indonesia Tbk by using profitability ratio. The analysis method used in this study is descriptive analysis. The source of this research data is documentation in the form of annual financial statements of PT. Ace Hardware Indonesia Tbk during 2016 to 2020. This research uses a descriptive research approach, Based on the results of analysis and discussion, financial performance at PT. Ace Hardware Indonesia Tbk is measured using profitability ratios in Return on Assets on average of 16.5% in poor conditions and below industry standards of 30% and Average Return On Equity of 20.8% in poor conditions and below industry standards of 40%.

Keywords: ***Financial Performance, Profitability.***

1.INTRODUCTION

Rasio profitability is one of the important steps in analyzing the financial performance of an enterprise. The profitability ratio gives an idea of how effective the company is in generating profits from its operational activities. The profitability ratio involves comparing a company's profit with factors such as sales, assets, or equity. These ratios provide valuable information about a company's ability to generate profits from its business activities. One of the commonly used profitability ratios is the Net Profit to Sales Ratio. This ratio describes how much percentage of net profit the company generates from total sales. The higher this ratio, the better the profitability performance of the company. In addition, the Net Profit to Asset Ratio is also often used to measure the profitability of a company. This ratio shows the efficiency of the company in generating profits from its assets. The higher this ratio, the more efficient the company is in managing its assets to generate profits. There is also a Net Income to Equity Ratio that describes the rate of return on investment for shareholders. This ratio measures how much profit a company generates compared to the capital invested by its owners. This introduction to profitability ratios is important because it provides an early picture of a company's financial health. By analyzing profitability ratios, investors and analysts can assess whether the company is able to generate profits that are sustainable and efficient enough. However, it is also important to remember that the profitability ratio only gives an idea of a company's financial performance in one aspect. More in-depth analysis and considering other factors such as liquidity, solvency, and operational efficiency is also necessary to gain a more complete understanding of the profitability of a company.

Technological developments that continue to increase rapidly cause the increasing need for expertise in analyzing financial statements. By analyzing financial statements will help interested parties in selecting and evaluating information and only focusing on the information, so that each company is required to be able to improve its own competitiveness. Financial statements are a source of information related to financial affairs and financial performance of the company. The financial data is further analyzed so that information will be obtained that can support the decisions made. These financial statements must describe all relevant financial data and have established procedures so that the financial statements can be compared so that the level of accuracy of analysis can be accounted for.

2.LITERATURE REVIEW

Ace Hardware was founded in 1995 and is engaged in the business of household and lifestyle appliances. Ace Hardware products are marketed under various trademarks, including "Ace," "Krisbow" and "Kris." PT Ace Hardware Indonesia Tbk (ACES) was originally named PT Kawan Lama Home Center which was established on February 3, 1995 and began commercial operations since December 22, 1995. On October 28, 1997, the Company's name was changed to PT Ace Indoritel Perkakas, and then on August 28, 2001 the Company's name was subsequently changed to PT Ace Hardware Indonesia.

Ace Hardware office is located at Kawan Lama Building, 5th Floor, Jl. Puri Kencana No.1, Meruya-Kembangan, Jakarta 11610 – Indonesia. Ace Hardware opened its first store in Karawaci, Tangerang. Since then, the Company has continued to grow as a retail company and has now become one of the leading retail companies providing a variety of household and lifestyle equipment in Indonesia. There is February 2022 Ace Hardware already has 219 outlets. The latest outlet opened is in Cileungsi, Bogor, West Java. This is the fourth store to open in 2022, and has an area of about 800 square meters. ACES retail outlets are spread across Jakarta, Tangerang, Cilegon, Bekasi, Karawang, Bogor, Depok, Cirebon, Bandung, Sumedang, Tasikmalaya, Gresik, Yogyakarta, Semarang, Solo, Purwokerto, Tegal, Surabaya, Malang, Jember, Kediri, Madiun, Aceh, Bali, Medan, Batam, Padang, Pekan Baru, Palembang, Jambi, Bengkulu, Lampung, Balikpapan, Makassar, Banjarmasin, Pontianak, Manado, Maluku, Samarinda, Kupang, Lombok, Kendari, Pangkal Pinang, Mojokerto, Gorontalo and Riau.

On September 11, 2007, through the Cover Letter of Registration Statement No. 064/ACE/PW/IPO/IX/07, the Company has offered its shares to the public through the capital market in the amount of 515,000,000 shares with a nominal value of Rp100 per share with an offering price of Rp820 per share. On October 30, 2007, based on the Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency (Bapepam &; LK) No. S5424/BL/2007, the Company has obtained an Effective Notification Letter of Offer Statement. Effective from the date of listing, all of the Company's shares have been listed on the Indonesia Stock Exchange. Pexisted during the initial public offering the number of shares offered to the public by 30%, and now the Company's free float shares have reached 40%.

2.1.THEORETICAL STUDIES

Financial performance is a description of the company's financial condition in a certain period regarding aspects of raising funds and distributing funds, which are usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006: 239). The liquidity ratio or often also referred to as the working capital ratio is a ratio used to measure how liquid a cashmere company is (2019: 130). Kasmir (2019: 134) said that the Current Ratio (CR) is a ratio used to measure the company's ability to pay short-term obligations or debts that are immediately due when collected as a whole. Meanwhile, Quick Ratio (QR) according to Kasmir (2019: 136) is a ratio that shows the company's ability to meet or pay current obligations or debt (short-term debt) with current assets without taking into account the value of inventory.

According to Kasmir (2019: 152), the solvency ratio is a ratio used to measure the extent to which a company's assets are financed with debt. According to Kasmir (2019: 158) Debt to Assets Ratio (DAR) is a debt ratio used to measure the ratio between total debt and total assets. While the Debt to Equity Ratio (DER) according to Kasmir (2019: 159) is a ratio used to assess debt with equity. According to Kasmir (2019: 198), the profitability ratio is a ratio to assess the company's ability to seek profit. According to Kasmir (2019: 203) Return on Assets (ROA) is a ratio that shows the return on the number of assets used in the company. Meanwhile, Return on Equity (ROE) or the return on equity or profitability of own capital according to Kasmir (2019: 206).

3.RESEARCH METHODS

This research uses a descriptive method where the method is a method used to describe problems that occur in the present or ongoing. And by using a quantitative approach, namely a method of data analysis by describing the data that has been collected as it is. Use secondary data derived directly from the analysis you want to test. Furthermore, data collection uses library methods or library studies (Library Research) which is directed to the search for data and information through documents, both written documents, photographs, images, and electronic documents that can support the writing process. Sampling is carried out using purposive sampling, namely with certain criteria techniques. The population taken is the entire financial statements of PT. Ace Hardware Indonesia Tbk with sample financial statements of PT. Ace Hardware Indonesia Tbk in 2016-2020.

4.RESULTS AND DISCUSSION

4.1.Profitability Ratio

1) Return On Assets (ROA)

Return On Assets (ROA) can be calculated using the following formula:

$$\text{Return on assets} = \frac{laba\ bersih}{\square\square\square\square\square\ \square\square\square\square} x\ 100\%$$

$$\text{Year 2016 Return on assets} = \frac{706.150}{3.731.101} x\ 100\% = 18{,}9\%$$

$$\text{Year 2017 Return on assets} = \frac{780.686}{4.428.840} x\ 100\% = 17{,}6\%$$

$$\text{Year 2018 Return on assets} = \frac{976.273}{5.321.180} x\ 100\% = 18{,}3\%$$

$$\text{Year 2019 Return on assets} = \frac{1.036.610}{5.920.169} x\ 100\% = 17{,}5\%$$

$$\text{Year 2020 Return on assets} = \frac{731.310}{7.247.063} x\ 100\% = 10\%$$

2) Return on Equity Ratio (ROE)

Return On Equity (ROE) can be calculated using the following formula;

$$\text{Return on equity} = \frac{laba\ bersih}{\square\square\square\square\square\ \square\square\square\square\square} x\ 100\%$$

$$\text{Year 2016 Return on equity} = \frac{706.150}{3.048.727} x\ 100\% = 23{,}2\%$$

$$\text{Year 2017 Return on equity} = \frac{780.686}{3.510.421} x\ 100\% = 22{,}2\%$$

$$\text{Year 2018 Return on equity} = \frac{976.273}{4.235.471} x\ 100\% = 23{,}0\%$$

$$\text{Year 2019 Return on equity} = \frac{1.036.610}{4.742.494} x\ 100\% = 21{,}8\%$$

$$\text{Year 2020 Return on equity} = \frac{731.310}{5.222.242} x\ 100\% = 14\%$$

Based on the calculation above, the following table I obtained:

3.Profitability Ratio Table 1.1

Ratio	2016	2017	2018	2019	2020	Ratarata	Industry standard	Company performance
ROA	18,9%	17,6%	18,3%	17,5%	10%	16,5%	30%	Not Good
ROE	23,2%	22,2%	23%	21,8%	14%	20,8%	40%	Not Good

Source : Data processed, 2022

Based on the table above, the results of the profitability ratio can be explained as follows:

1.Financial performance is assessed by Return on Assets (ROA)

With the average Return on Assets that can be generated by the company for 5 years (20162020) which is 16.5%. When compared to the industry standard according to Kasmir (2019) of 30%. So the resulting ratio is below industry standards so that the company's financial performance is assessed from Return on Assets in poor condition. The decrease in the value of Return on Assets is caused by the high expenses and costs of the company and the company's low ability to obtain net profit when measured from its total assets.

2.Financial performance is assessed by Return on Equity (ROE)

With the average Return on Equity that the company can generate for 5 years (2016-2020) is 20.8%. When compared to the industry standard according to Kasmir (2019) of 40%. So the resulting ratio is still below industry standards so that the company's financial performance is assessed from Return on Equity in poor condition. The decrease in the value of Return on Equity is caused by the high expenses and costs of the company and the company has not been efficient in using its own capital to obtain company profits.

5.CONCLUSION

Based on the results of research and data analysis using profitability ratios at PT. Ace Hardware Indonesia Tbk from 2016 to 2020 then we draw conclusions namely PT. Ace Hardware Indonesia Tbk from the results of profitability ratio in 2016-2018 is still in a stable position while in 2019-2020 in a less favorable position in Return on *Assets and Return on Equity* when compared to the industry average. It is said to be not good, it can be caused by covid_19 that occurred in 2019-2021. Therefore, this covid_19 is very influential on revenue, income, profits obtained, will be fatal to the company if it is not immediately corrected and if profits continue to decline, the company may experience large losses.

Therefore, from that the company PT. Ace Hardware Indonesia Tbk was still unable to use its assets and capital properly in generating profits that year.

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