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The Effect Analysis of Liquidity, Solvency on Profitability and Its Impact to the Company Value at PT KS, Tbk

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Abstract

The purpose of this study is to analyze the company's ability to pay short-term debt and long-term debt, and this study is also to determine the effect on profitability and its impact on the firm value of the manufacturing industry listed on the Indonesia Stock Exchange (Tbk). The data is obtained from the company's annual reports from 2009 to 2018. The research method used by the author is quantitative descriptive method, by analyzing financial reports with quantitative data obtained from the company's official website and the Indonesia Stock Exchange. Management of statistical data usingEviews.The result of the research is to get the influence between variable X1, variable Y and X2 with variable Y, and simultaneously and variable Y to variable Z (Company value) by using multiple linear analysis obtained a regression equation. Calculation of the coefficient of determination or R Square, This shows that Liquidity (Current Ratio) and Solvency (Debt to Asset Ratio) have an influence on Profotability (Return on Assets) while the rest is influenced by other variables. Partially the liquidity variable (Current Ratio) has a significant influence on Profitability (Return on Assets), while partially there is an insignificant effect of Debt to Asset Ratio on Profitability (Return on Assets).

Keywords
Liquidity; solvency; profitability; firm value

I. Introduction

To be able to attract the attention of investors so that they want to invest in the company, the company managers or company leaders must be able to increase the overall profit or profit of the company by using the resources owned by the company itself.

To be able to help investors, companies and other interested people know the financial condition, financial reports are needed. The financial reporting tool that is often used is financial ratio analysis. From these financial ratios, there are liquidity ratios and profitability ratios that are the main concern for companies, especially corporate financial managers, because from the results of the liquidity ratios, it can be seen that the company's ability to meet short-term obligations and profitability ratios can provide information about the company's capabilities. in generating profit or profit. In addition to the liquidity ratio and profitability ratio, there is also a solvency ratio or leverage ratio.

From the results of the pre-survey the author will take data from the IDX Indonesia website and the company's official website to strengthen the explanation about PT Krakatau Stell, Tbk. 2009 - 2018 period.

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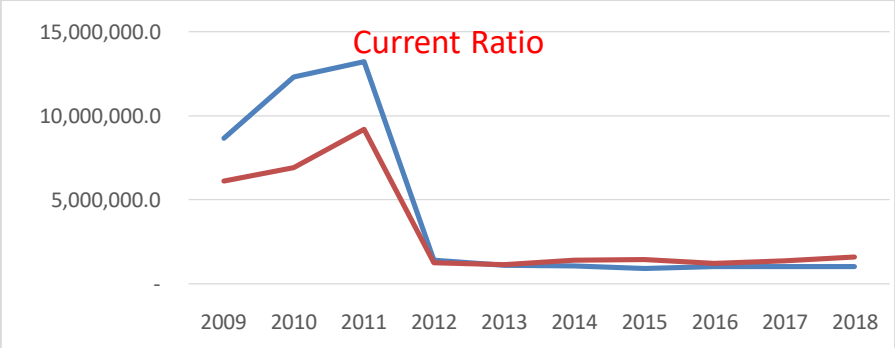

Figure 1. *Current Ratio*

Current assets that occurred in KS, Tbk in 2009 experienced an increase then in 2009 to 2011 experienced an increase in 2012 and decreased until 2015, then in 2016 it experienced an increase until 2018.

PT KS, Tbk's current debt experienced an increase in 2007 to 2008, then there was a decrease from 2008 to 2009, current debt in 2010 increased but was not significant, then in 2011 it experienced an increase, when viewed from 2012 to 2019 debt smoothly does not experience significant or significant increase and decrease.

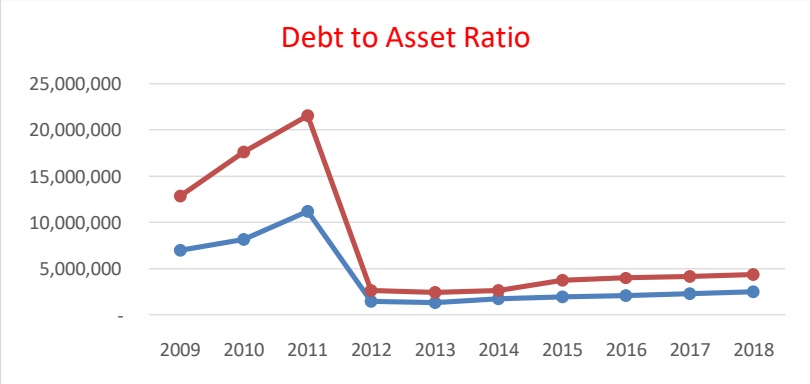

Figure 2*. Debt to Asset Ratio*

From the chart above, there can be tianalis that the largest total debt occurred in 2011 to 2017 experiencing a decrease in the Debt to Asest Ratio (DAR) that occurred at PT KS, Tbk.

From the results of the pre-survey the author will take data from the IDX Indonesia website and the company's official website. The data that the author takes is the financial report of PT KS Tbk is in the following graphical form:

Figure 3. *Return On Asset Ratio*

Analysis of the graph above regarding Return On Assets (ROA) for this industrial company gets a profit before interest and tax of 792,733. In 2008 the company pocketed a profit before interest and tax of 1,360,388, then in 2009 it decreased, but in 2010 it increased, then in subsequent years it decreased, from 2011 to 2015, but the peak occurred in 2015. it can be seen from the data presented that the company suffered a loss, but in 2016 the company was able to rise from its downturn and managed to rise as seen from the value of ROA which began to increase, then in 2019 it increased, and had a significant effect on company value.

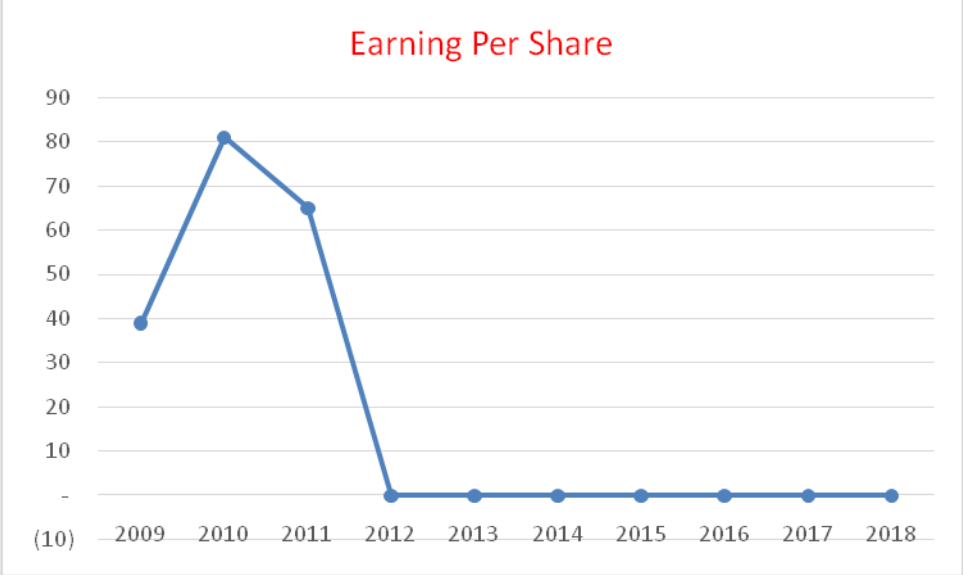

Figure 4. *Earning Per Share*

Analysis of the graph above regarding Earning Per Share from 2009 amounting to Rp. 39, - increased to Rp. 81 per share for 2010, and decreased to Rp. 65, - per share for the year 2011. For the years 2012 to 2018, there are losses, it can be seen from the table above.

II. Review of Literatures

2.1 Definition of Financial Statement Analysis

According to Harahap (2015: 190), financial statement analysis means outlines Financial statement posts become smaller units of information and see a relationship that is significant or has meaning between one another, both quantitative data and non-quantitative data with the aim of knowing deeper financial conditions which are very important in the process of making decisions.

According to Hery (2015: 132), financial statement analysis is a process of dissecting financial statements into their elements and examining each of these elements with the aim of obtaining a good and precise understanding and understanding of the financial statements themselves.

According to Kasmir (2016: 66), the results of financial statement analysis will also provide information about the company's weaknesses and strengths.

From the four opinions of the experts above regarding financial statement analysis, it can be concluded that financial statement analysis is an analytical tool for company management to see its weaknesses and strengths, aiming to find out deeper financial conditions which are very important in the process of making decisions.

Remund in Lubis et al (2019) states that financial literacy is a measurement of one understands of financial concepts, and the ability and confidence to manage personal finances through appropriate short-term decision making, long-term financial planning, and attention to economic events and conditions.

Financial intermediaries are in a better position to discover and benefit from investment opportunities, perform the role of savings mobilization, ease innovation and manage risk. Therefore, the relationship between economic growth and financial intermediaries' development remains an important subject in economic discourse. (Mansaray, 2020)

2.2 Forms of Financial Ratios

Cashmere (2016: 110), the following are forms of financial ratios:

a. Liquidity ratio (Liquidty Ratio), this ratio shows the company's ability to pay its short-term debts that are due.
b. The leverage ratio (Leverage Ratio), or solvency ratio, is a ratio used to measure the extent to which the company's assets are financed with debt.
c. Activity ratio is the ratio used to measure the efficiency level of the company's resource utilization (sales, inventory, accounts receivable collection, and others).
d. Profitability ratio is a ratio to assess the company's ability to seek profit or profit in a certain period.
e. Growth ratio is a ratio that describes a company's ability to maintain its economic position amidst economic growth and its business sector.
f. Valuation ratio, which is a ratio that provides a measure of the management's ability to create the market value of its business above investment costs, such as the ratio of stock prices to income and the ratio of stock market value to the company's book value.

2.3 The value of the company

The pace of global economic growth will coincide with the direction of financial market developments, therefore the improving global economic conditions have prompted a shifting of investment from government bonds (safe haven assets) to stocks, which have strong correlation with economic growth. This shifting also shows the increasing risk appetite

of global investors, reflected in the willingness to invest in riskier assets, such as stocks and government bonds in developing countries. (Baihaqqy et al, 2020)

Company value is very important because high company value will be followed by high prosperity for shareholders. The higher the stock price, the higher the company value. A high company value is the desire of company owners, because a high value shows that the shareholder's prosperity is also high.

III. Research Methods

The research object chosen by the author is a company listed on the Indonesia Stock Exchange (BEI), namely PT KS, Tbk, which has an office at Krakatau Steel Building, 4th Floor, Jalan Gatot Subroto, Kav 54, RT.1, RW.4, Kuningan Tim, Setia Budi, City of South Jakarta, Special Capital Region of Jakarta, 12950. Whereas forTo get the data and information needed in this thesis, the author uses the data published on the company's official website and through the Indonesia Stock Exchange (IDX) website, which is located at the Jakarta Stock Exchange Building, Tower II, 1st Floor, Jl. Jendral Sudirman Kav. 52-53, Senayan, Kebayoran Baru, South Jakarta 12190 which can be accessed at www. idx.co.idResearch conducted by the author is descriptive quantitative, meaning research that describes or tells and describes how the results of calculating the company's financial data in the form of financial statements. The data used by the authors in this study are data contained in the financial statements of PT KS, Tbk for the period 2009 to 2018. The population used in this study is the financial statements of PT KS, Tbk for the period 2009 to 2018. The sample used in this study is Current Ratio, Debt to Asset Ratio, and return on assets in the financial statements of PT KS, Tbk for eleven years, from 2009-2018..

IV. Result and Discussion

4.1 Analysis of Research Variables

a. Current Ratio

According to Kasmir (2016: 146), Current Ratio, is a ratio to measure a company's ability to pay short-term obligations or debts that are due immediately when they are collected. In other words, how many current assets are available to cover short-term liabilities that are due. To calculate the Current Ratio (CR), the following formula is used:

$$Current\ Ratio = \frac{\text{Current Asset}}{\text{Current abbilities}} \times 100\ \%$$

Source: V. Wiratna Sujarweni, (2015: 110)

Table 1. Current Ratio PT Krakatau Steel Tbk for the period 2009-2018
(In percentage)

	Year	CR (X1)
1	2009	140.79
2	2010	177.28
3	2011	143.55
4	2012	112.47
5	2013	96.23

6	2014	74.90
7	2015	61.25
8	2016	81.45
9	2017	75.02
10	2018	61.91

Source: Data processed by the author

Based on the calculation of the Current Ratio at PT Krakatau Steel, Tbk above, there is a decrease every year. Starting in the following year in 2009 the Current Ratio has increased by 6.28% to 140.79%. In 2010, current assets increased which caused the Current Ratio to also increase by 36.50% to 177.29%. In 2011 the Current Ratio decreased by 33.74% to 143.55%. This was due to the fact that current debt increased significantly and current assets also increased. In 2013, the Current Ratio decreased by 16.24% to 96.23%, this was because current assets and current debt decreased.

Furthermore, in 2014 the Current Ratio decreased by 21.32% to 74, 90% of this is because this year current assets have decreased while current debt has increased. Then in 2015 current assets also decreased and current debt also increased (although not significant) resulting in a decrease in the Current Ratio by 14.01% to 61.25%. But in 2016 current assets increased and current debt decreased so that causing the Current Ratio to increase by 20.55% to 81.45%. The last year 2017 Current Ratio decreased by 6.43% to 75.02% this was due to the increase in current assets and current debt and in 2018 decreased. Then in 2015 current assets also decreased and current debt also increased (although not significant) resulting in a decrease in the Current Ratio by 14.01% to 61.25%. But in 2016 current assets increased and current debt decreased so that causing the Current Ratio to increase by 20.55% to 81.45%. The last year 2017 Current Ratio decreased by 6.43% to 75.02% this was due to the increase in current assets and current debt and in 2018 decreased.

Then in 2015 current assets also decreased and current debt also increased (although not significant) resulting in a decrease in the Current Ratio by 14.01% to 61.25%. But in 2016 current assets increased and current debt decreased so that causing the Current Ratio to increase by 20.55% to 81.45%. The last year 2017 Current Ratio decreased by 6.43% to 75.02% this was due to the increase in current assets and current debt and in 2018 decreased. But in 2016 current assets experienced an increase and current debt decreased, causing the Current Ratio to increase by 20.55% to become 81.45%. The last year 2017 Current Ratio decreased by 6.43% to 75.02% this was due to the increase in current assets and current debt and in 2018 decreased. However, in 2016 current assets experienced an increase and current debt decreased, causing the Current Ratio to increase by 20.55% to become 81.45%. The last year 2017 Current Ratio decreased by 6.43% to 75.02% this was due to the increase in current assets and current debt and in 2018 decreased.

b. Debt to Asset Ratio

According to Kasmir (2016: 156), Debt to Asset is a debt ratio used to measure the ratio between total debt and total assets. In other words, how much the Company's assets are financed by debt or how much the amount of the Company's debt affects the management of akiva. To calculate the Debt to Asset Ratio, the following formula is used:

$$DAR = \frac{\text{Total amoun of debt}}{\text{Total Aktiva}} \times 100\ \%$$

Table 2. Debt to Asset Ratio PT Krakatau Steel Tbk for the period 2009-2018
(In percentage)

No.	Year	DAR (X2)
1	2009	54.31
2	2010	46.40
3	2011	51.86
4	2012	56.44
5	2013	55.79
6	2014	65.68
7	2015	51.70
8	2016	53.27
9	2017	54.97
10	2018	58.12

Source: Data processed by the author

Based on the calculation of the Debt to Asset Ratio at PT Krakatau Steel, Tbk for the 2009-2018 period, it can be seen that the Debt to Asset Ratio has fluctuated every year starting from 2009, which decreased by 10.07% to 54.31% this happened because of total debt and total assets have decreased. In 2010, the Debt to Asset Ratio decreased by 7.91% to 46.40%. In 2011, the Debt to Asset Ratio increased by 4.58% to 51.86%. This was due to an increase in total debt and total assets.

Furthermore, in 2012 the Debt to Asset Ratio continued to increase by 4.58% to 56.44% this was due to total assets and total debt which began to shrink, in 2013 the Debt to Asset Ratio decreased by 0.65% to 55, 79%. Then in 2014 the total debt and total assets experienced an increase, this resulted in the value of the Debt to Asset Ratio which also increased by 9.89% to 65.68%. The following year 2015 Debt to Asset Ratio decreased by 13.97% to 51.70%. In 2016, the Debt to Asset Ratio increased from 51.70% to 53.27%, this was due to an increase in total assets and total debt. In 2017, total debt increased but was accompanied by an increase in total assets so that the Debt to Asset Ratio rose again this year to 54.97.

c. Return on Assets

According to V. Wiratna Sujarweni (2015: 114), Return on Assets is a ratio used to measure the ability of capital invested in all assets to generate net profits. To calculate the Return on Assets, the following formula is used:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\ \%$$

Table 3. Return on Assets PT Krakatau Steel Tbk for the period 2007-2017 (In million rupiah)

No.	Year	ROA (Y)
1	2009	3.87
2	2010	6.03
3	2011	4.75
4	2012	(0.76)
5	2013	(0.57)
6	2014	(5.93)
7	2015	(8.82)
8	2016	(4.59)
9	2017	(2.09)
10	2018	(1.80)

Source: Data processed by the author

Based on the results of the calculation of Return on Assets of PT Krakatau Steel, Tbk, it is explained that the Return on Assets has experienced instability every year starting in 2009, it decreased by 3.87%, up to 6.03%, this happened because of net income, and decreased in 2010 Return on Assets experienced a decrease of 4.75%.

In 2012 to 2018 there was an increase and decrease in losses as a result of which the company lost more and more.

Table 4. Earnong per Share PT Krakatau Steel Tbk for the period 2009-2018 (In million rupiah)

No.	Year	EPS (Z)
1	2009	39
2	2010	81
3	2011	65
4	2012	(0.0012)
5	2013	(0.0002)
6	2014	(0.0086)
7	2015	(0.0203)
8	2016	(0.0066)
9	2017	(0.0042)
10	2018	(0.0110)

Based on the results of the calculation of Earning Per Share of PT Krakatau Steel, Tbk, it is explained that Earning Per Share has experienced instability every year starting in 2009. Earnings per share amounted to Rp. 39, - and increased in 2010 by Rp. 42, - to become EPS of Rp. 81, - decreased in 2011 to Rp. 65, - per share.

In 2012 the company suffered infinite losses resulting in the company's financial condition experiencing cash flow difficulties, from 2012 to 2018 it suffered enormous losses.

2.2 Descriptive Statistical Analysis

Descriptive statistics show the amount of data (N) used in this study and can show the maximum value, minimum value, average value (mean) and standard deviation of each of the

variables studied, including Current Ratio, Debt to Asset Ratio, and Return on Assets. The results of the descriptive statistical data processing which became the research variables using SPSS version 2.0 are presented in table 4.4, below:

Table 4. Descriptive Analysis Results

	CR_X1	DAR_X2	ROA_Y	EPS_Z
Mean	102.4856	54,85260	-0.991306	18.49479
Median	88.83782	54,63726	-1.279336	-0.002700
Maximum	177.2794	65.67657	6,033118	81.00000
Minimum	61,25089	46,39722	-8.819592	-0.020300
Std. Dev.	39,70913	4.993312	4.792430	31.42262
Skewness	0.667197	0.603103	0.002183	1.166697
Kurtosis	2.147451	3.801661	2.013571	2.651488
Jarque-Bera	1.044769	0.873997	0.405442	2.319245
Probability	0.593105	0.645972	0.816506	0.313605
Sum	1024,856	548.5260	-9.913059	184,9479
Sum Sq. Dev.	14191.33	224.3985	206,7065	8886,428
Observations	10	10	10	10

Source: Data Processed Results

Based on the results of the calculation of the table above, it can be seen that the amount of data (N) used is 10 data. The value of the CR variable average (mean) of102.4856, the minimum value is 61,25089, and the maximum value 177.2794, with a standard foreign exchange value of 39,70913. While the DAR variable has 10 minimum values of data46,39722, the maximum value 65.67657, and the mean (mean) is 54,85260, with a standard deviation of4.993312. For the ROA variable, the minimum value is negative-8.819592, while the greatest value is 6,033118, with the average -0.991306, the standard deviation 4.792430 and For the EPS variable the minimum value is negative -0.020300, while the greatest value is 81.00000, with the average 18.49479, the standard deviation 31.42262.

a. Hypothesis test

The data analysis technique used to answer the hypothesis of the magnitude of the effect of CR on ROA, DAR on ROA, CR and DAR simultaneously on ROA and ROA on EPS in this study will be carried out regression test, determination coefficient test, t-test and f-test.

1. Hypothesis Testingis Effect of CR on ROA

Table 5. Effect of CR on ROA

Dependent Variable: ROA_Y
Method: Least Squares
Date: 11/5/20 Time: 23:41
Sample: 1 10
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CR_X1	0.113050	0.024052	4.700244	0.0022
DAR_X2	0.057430	0.191272	0.300255	0.7727
C	-15.72752	12.11421	-1.298270	0.2353

R-squared	0.815864	Mean dependent var	-0.991306
Adjusted R-squared	0.763254	SD dependent var	4.792430
SE of regression	2.331830	Akaike info criterion	4.774509
Sum squared resid	38.06203	Schwarz criterion	4,865285
Log likelihood	-20.87255	Hannan-Quinn criter.	4.674929
F-statistic	15.50773	Durbin-Watson stat	1.183864
Prob (F-statistic)	0.002679		

The results of panel data regression analysis in table 4.5 show the results of the t-count variable *Current Ratio* amounted to 4,700, a positive sign means that it has a positive relationship. While the t-table with α = 5% and df = nk, df = 9, then the t-table (0.05; 9) = 2.262 (2-way test). So that t-count is greater than t-table (4,700> 2,262) so H0 is rejected and H1 is accepted and it can be concluded that the independent variable has an effect on the dependent variable. Then the probability value*Current Ratio* smaller than the constant (0.0022 <0.05), the result is significant, meaning that there is a positive influence from the independent variable individually on the dependent variable ROA.

a) Regression Equations

Based on the results of the Eviews above, the regression model equation between the return on equity and debt to equity ratio variables is obtained as follows:

Y = -15,728 - 0.113 X + € it

From the above equation it can be explained that:

- A constant of 15,728 indicates that if there are or are not independent variables (the current ratio in the i-th observation and the ket period is zero, then the return on assets value increases by 15,728.
- The regression coefficient of 0.113 indicates that if the curret ratio value in the i-th observation and t-period increases by 1, the return on assets value in the i-th observation and t-period increases by 0.113.

b) The coefficient of determination and correlation coefficient

This coefficient shows the percentage of the current ratio variable used in the model that is able to explain the return on assets variable. Based on table 4.5, the amount of the

Adjusted R-Squared (R2) number is 0.816. This shows that the percentage of the contribution of the influence of the independent variable on the dependent variable is 81.6% or it can be interpreted that the independent variable used in the model is able to explain 81.6% of the dependent variable. While the remaining 18.4% is influenced by other factors outside the regression model. From the coefficient of determination (R2) 0.816, it is known that the correlation coefficient (R) is 0.184 which indicates a strong relationship, because it is in the coefficient interval of 0.600 - 0.799.

2. Hypothesis Testingis Effect of CR on ROA

The effect of DAR on ROA can be seen from the table of data management results using the EViews software below

Table 6. Effect of DAR on ROA

Dependent Variable: ROA_Y
Method: Least Squares
Date: 11/5/20 Time: 23:41
Sample: 1 10
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CR_X1	0.113050	0.024052	4.700244	0.0022
DAR_X2	0.057430	0.191272	0.300255	0.7727
C	-15.72752	12.11421	-1.298270	0.2353

R-squared	0.815864	Mean dependent var	-0.991306
Adjusted R-squared	0.763254	SD dependent var	4.792430
SE of regression	2.331830	Akaike info criterion	4.774509
Sum squared resid	38.06203	Schwarz criterion	4,865285
Log likelihood	-20.87255	Hannan-Quinn criter.	4.674929
F-statistic	15.50773	Durbin-Watson stat	1.183864
Prob (F-statistic)	0.002679		

The results of the panel data regression analysis in table 4.6 show the results of the t-count variable*debt to asset ratio* amounted to 0.300, a positive sign means that it has a positive relationship. While the t-table with α = 5% and df = nk, df = 9, then the t-table (0.05; 9) = 2.262 (2-way test). So that t-count is greater than t-table (0.300 <2.262), so H0 is not rejected and it can be concluded that the independent variable has no effect on the dependent variable. Then the probability value*ebt to asset Ratio* smaller than the constant (0.778> 0.05), the result is significant, meaning that the influence of the independent variables individually does not affect the ROA variable.

a) Regression Equations

Based on the results of Eviews table 4.7, the regression model equation between the cureent ratio, debt to assets ratio and return on assets variable is obtained as follows:

Y = -15,728 - 0.113 X1 - 0.057 X2 + € it

From the above equation it can be explained that:

- A constant of -15,728 indicates that if the independent variables (curret ratio and debt to assets ratio) in the i-th observation and t-period are zero, then the return on equity value is 15,728
- The regression coefficient of 0.113 shows that if the value of the debt to asset ratio in the i-th observation and t-period increases by 1, the return on equity value in the i-th observation and t-period increases by 0.113.
- The regression coefficient of 0.057 indicates that if the value of return on assets in the i-th observation and t-period increases by 1, the return on equity in the i-th observation and t-period increases by 0.057.

b) The coefficient of determination and correlation coefficient

Based on table 4.7, the amount of Adjusted R-Squared (R2) is 0.816.This shows that the percentage of the contribution of the influence of the independent variable on the dependent variable is 81.6% or it can be interpreted that the independent variable used in the model is able to explain 81.6% of the dependent variable. While the remaining 18.4% is influenced by other factors outside the regression model. From the coefficient of determination (R2) 0.816, it is known that the correlation coefficient (R) is 0.184 which indicates a strong relationship, because it is in the coefficient interval.

3. Hypothesis Testing the Effect of ROA on EPS

To determine the effect of ROA on EPS, it can be determined by using several tests, including:

Table 8. Effect of ROA on EPS

Dependent Variable: EPS_Z
Method: Least Squares
Date: 11/5/20 Time: 23:43
Sample: 1 10
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA_Y	5.477078	1.274371	4.297867	0.0026
C	23,92425	5.930050	4.034409	0.0038
R-squared	0.697790	Mean dependent var		18.49479
Adjusted R-squared	0.660014	SD dependent var		31.42262
SE of regression	18.32201	Akaike info criterion		8.830939
Sum squared resid	2685,567	Schwarz criterion		8.891456
Log likelihood	-42.15470	Hannan-Quinn criter.		8.764552
F-statistic	18.47166	Durbin-Watson stat		1.503036
Prob (F-statistic)	0.002623			

The results of panel data regression analysis showed that the t-count of the return on assets variable was 4,298, a positive sign means that it is in a positive area. While t-table with $\alpha = 5\%$ and df = n-k, df = 9, then t-table (0.05; 9) = 2.262 (2-way test). So that the t-count is smaller than the t-table (4.298> 2.262) so H0 is rejected and it can be concluded that the independent variable has a significant effect on the dependent variable. Then the probability

value of return on assets is smaller than the constant (0.0026 <0.05), then the result is significant, meaning that there is an influence from the independent variables individually on the dependent variable.

a) Regression Equations

Based on the results of the Eviews above, the regression model equation is obtained between the dividend payout ratio and return on equity as follows:

Y= 23.924 + 5.477 X + €it

From the above equation it can be explained that:

- A constant of 23,924 indicates that if there is or no independent variable (return on equity) in the i-th observation and t-period is zero, then the dividend payout ratio value is reduced by 23,924.
- The regression coefficient of 5,477 shows that if the value of return on equity in the i-th observation and t-period increases by 1, the dividend payout ratio value in the i-th observation and t-period increases by 5,477.

b) The coefficient of determination and correlation coefficient

This coefficient shows how much the percentage of the independent variable return on assets used in the model is able to explain the dependent variable earnings per share ratio (EPS). Based on table 4.8, the amount of Adjusted R-Squared (R2) is 0.698. This shows that the percentage of the contribution of the influence of the independent variable on the dependent variable is 69.80% or it can be interpreted that the independent variable used in the model is able to explain 69.80% of the dependent variable. While the remaining 30.20% is influenced by other factors outside the regression model.

2.3 Discussion of Research Results

This study will discuss the results of statistical tests regarding the analysis of the influence of the variable curren ratio and debt to assets ratio on return on assets and its impact on firm value (EPS) at PT. Krakatau Still which has gone public.

a. Effect of CR on ROA

The results of testing the hypothesis of the effect of the current ratio on return on assets can be seen from the acquisition of the CR variable t-count of 0.113 and has a significant value smaller than α = 0.05, namely (0.022 <0.05), so that H0 is rejected and H1 accepted, which means that the independent variable CR partially has a positive effect on ROA

The results of this study are in line with previous research, namely research by Mahardhika, PA, (2016) which states that the Current Ratio (CR) has a positive effect on ROA, the same result is also conveyed by Melianti Saragih (2015) whose research results state that the Current Ratio has a positive and significant effect against Return on Assets.

b. Effect of DAR on ROA

The results of hypothesis testing on the effect of debt to assets ratio on debt of asset ratio can be seen from the t-count of the DAR variable of 0.0574 and has a significant value smaller than α = 0.05, namely (0.7727> 0.05), so that H0 is not rejected. , which means the independent variable X2 (DAR) partially has no significant effect on variable Y (ROA).

The greater the Debt to Asset Ratio, the greater the level of dependence of the company on external parties (creditors) and the greater the burden of debt costs (interest costs) that must be paid by the company. The results of this study are in line with Robi Pramana Kusuma (2016) who stated that DAR has no effect on company profitability (Return on Assets).

c. Simultaneous Effect of CR and DAR on ROA

Simultaneously the independent variable f-count is 15.51 and has a significant value smaller than α = 0.05, namely (0.027 <0.05). So that H0 is rejected, H1 is accepted, which means that the independent variables together have a significant effect on the dependent variable Y (ROA)

Based on the results of testing the variable Current Ratio and Debt to Asset simultaneously (Test F) on Return on Assets shows that there is an insignificant influence. This is indicated by the value of Fcount greater than Ftable (8.421> 4.46) with a significant value of 0.011 greater than 0.05. The correlation coefficient value is 0.892. This indicates that the correlation or relationship between Return on Assets with Current Ratio and Debt to Asset has a very strong level of relationship, namely 0.823 where the coefficient interval is between (0.80-1,000). For the Multiple Linear Regression test, the regression equation Y = -21.227 + 0.089 X1 + 0.227 X2 explains that if the Current Ratio and Debt to Asset are 0 (zero), then the Return on Assets value is negative 21.227,

Nilai R Square sebesar 0,678 atau 67,8% artinya Return on Assets dipengaruhi oleh Current Ratio dan Debt to Asset sebesar 67,8%. Sedangkan sisanya sebesar 32,2% dipengaruhi oleh faktor-faktor lain diluar model.

d. Effect of ROA on EPS

Partially, from the t-count of the ROA variable, it is 5,477 and has the effect of a significant value that is smaller than α = 0.05, namely (0.0026 <0.05). The positive number (+) on the t-count shows a unidirectional movement between the ROA and EPS variables, where when ROA increases, EPS will increase, and vice versa if ROA decreases, EPS will decrease.

V. Conclussion

This study aims to identify and analyze this phenomenon, so the authors are interested in conducting research with the title of the effect of curent ratio (X1) and debt to assets ratio (X2) on return on assets (Y) and its impact on earnings per share) EPS) at PT. Krakatau Steel, Tbk, 2009-2018 period. Based on the results of the tests that have been carried out, the following conclusions are obtained:

1. The effect of the DER ratio on ROA

   Based on the research results, the authors conclude that the curent ratio has a significant effect on return on assets.
2. The effect of the DAR ratio on ROA

   Based on the research results, the authors conclude that the debt on asset ratio does not have a significant effect on ROA.
3. Simultaneous effect of CR and DAR on ROA

   Based on the research results, the authors conclude that the curent ratio and debt to assets ratio simultaneously have a significant effect on ROA. The R Square value of 0.678 or 67.8% means that the Return on Assets is influenced by the Current Ratio and Debt to Asset of 67.8%. While the remaining 32.2% is influenced by other factors outside the model.
4. The effect of ROA on EPS

   Based on the results of the study, the authors conclude that return on assets has a significant effect of 69.8% on earnings per share while the remaining 30.20%

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