

Analysis of Profitability Ratios in Cigarette Companies Listed on the Indonesia Stock Exchange (2019-2021)

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Abstract

The financial condition of a company is the most important thing, so it needs effort in analyzing company finances. One way to do this is to analyze the company's financial statements. The profitability ratio is a calculation that is carried out to find out the state/financial condition of a company. The purpose of this study is to find out the evaluation findings of Net Profit Margin, Return on Assets, and Return on Equity in measuring the financial performance of cigarette sub-sector companies listed on the Indonesia Stock Exchange in 2019–2021. The method of analysis used was to measure the profitability ratios of each cigarette company studied. The results of an analysis of the financial statements and graphic images of four cigarette companies for the three year period 2019-2021 show that PT. HM Sampoerna has a better and more stable financial performance, where the average value of GPM = 21.31%, NPM = 29.44%, ROA = 25.19%, ROE = 30.37%. Meanwhile, PT Bentoel Internasional Investama Tbk has the worst financial performance, where the average GPM = 11.42%, NPM = (-18.86%), ROA = (-6.82%), ROE = (-15.33%). Gudang Garam Tbk can be said to have experienced fluctuating developments where the average value of GPM = 15.74%, NPM = 21.01%, ROA = 12.91%, ROE = 14.63%. Meanwhile PT. Wismilak Inti Makmur Tbk has GPM = 28.72%, NPM = 17.08%, ROA = 10.20%, ROE = 10.20%. From the four companies seen from the condition of their financial performance, PT. HM Sampoerna can be said to be better and more stable, compared to Gudang Faram Tbk, PT. Bentoel Internasional Investama Tbk and PT. Wismilak Inti Makmur Tbk.

Keywords

finance; profitability ratio; cigarette company



I. Introduction

Current business progress causes companies to continue to grow, and competition between companies is also increasingly difficult. Finance plays an important role in any business. As a result, financial matters must be taken into account, which means that each company must exercise caution when deciding how to overcome the competition and keep the company going. A strong financial position shows that the company is performing well, requiring strong financial analysis. Every company undoubtedly has two main objectives in its economic activities, namely: making money and maintaining the continuity of the company's operations. If a business can maximize all of its resources and manage its operations successfully and efficiently, this goal can be achieved.

"Profitability is used to measure the effectiveness of management as a whole," said Irham Fahmi (2014: 81). "Profitability is shown by the level of profit earned in connection with the sale and investment." So that it is obtained that the Profitability Ratio is the ratio used as a benchmark to ascertain how much the company's profits are from the operations it carries out.

This research was conducted on cigarette manufacturers in Indonesia which are listed on the Indonesia Stock Exchange (IDX). One industry that makes a significant contribution to the Indonesian economy is the cigarette business. Compared to 2017, at that time Rp. 147 trillion was received as cigarette excise while in 2018 it was Rp. 153 trillion or more. Last year, tobacco tax revenues reached 95.8% of all national excise (Quoted by kemenperin.go.id). According to the Taxku.com page, cigarette excise rates always increase from year to year. On Thursday, 12 October 2020, Sri Mulyani Indrawati, Minister of Finance, said that tobacco excise or cigarettes would increase by 12.5% during a press conference broadcast live on the ministry's YouTube channel. However, despite the fact that the price of cigarettes continues to rise, more and more people are smoking in Indonesia, according to data from June 2022 issued by the Ministry of Health (Global Adult Tobacco Survey – GATS). According to their findings, the number of adult smokers has increased significantly over the past ten years, increasing to 8.8 million people, from 60.3 million in 2011 to 69.1 million in 2021. According to Republika.co.id, "the number smoking smokers in Indonesia is the third largest in the world," meaning a smoking prevalence of 25% among Indonesians.

In line with the above phenomenon, previous research by Novi Azhari Tarigan (2019) with the title Profitability Ratio Analysis in Measuring Financial Performance in Cigarette Sub-Sector Companies on the IDX shows that Net Profit Margin can be used to measure a company's financial performance. The results show that there are still a large number of company ratios that are below the industry average. According to research by Maria Delsiana Adur, Wahyu Wiyani, and Anandhayu Mahatma Ratri (2018), the financial performance of a company indicated by its profitability ratio shows the potential to generate profits. This investigation will be expanded by the shortcomings of previous research and the addition of information from the most recent financial reports.

II. Review of Literature

2.1 Financial Statements

In a company, financial reports become data that can show the company's financial condition at a certain time. Sanjaya & Rizky (2018) write financial reports as a tool that can be used to obtain information related to financial circumstances and conditions for the performance that has been carried out by a company. With these financial statements, a company is able to determine the next steps for the sustainability of the company. Financial statements will provide implicit information on the consideration of a company's decisions so that the financial statements become a very important thing to do. Financial statements have the objective of providing information to a company concerning financial position, performance and financial conditions within a certain period of time. In short, financial reports can be things that can be used for decision making in terms of the company's economy. Analysis of a company's financial statements is something that needs to be taken into account because it can be used to determine the strengths and weaknesses of a company (Iswandi, 2022). So it can be concluded that financial reports have an important purpose in a company, namely as a company media to provide information about

the condition and position of a company in a certain period. Financial statement analysis is a process performed on organizations by both internal and external parties to gain a better understanding of how the company is performing. The process consists of analyzing four important financial statements in business. Calculating profitability ratios helps a company and its stakeholders determine how much a company is profitable, based on certain numerical financial data taken from financial statements. These are the criteria by which investors make investment decisions and their effect on stock prices, future growth and expansion. Financial profitability ratios help in comparisons between companies in the same industry and also predict the opportunity or opportunities for future growth based on the type of current performance. Hence, it shows how well the business is using shareholder capital and various assets to generate profits and add value to the business.

In a company's financial statements, accountability is something that is held by the company's leaders with management working with them. There are several types of financial reports based on the Statement of Financial Accounting Standards (PSAK), including:

- 1) The balance sheet is a report to show the amount of assets, liabilities and capital of a company in a certain period of time.
- 2) Profit and Loss Statement (Profit and loss Statement) which is a report that will provide an overview related to the profit and loss experienced by the company in its product sales activities within a certain time.
- 3) Statement of Changes in Equity (The Statement change in financial) which is a report that will provide information related to the amount of the company's capital balance in a certain period of time which has been affected by net operating profit or loss.
- 4) Statement of cash flows (Statement of cash flows) or a report that will provide information related to the turnover of the use of company cash which is classified into operating, investing and financing cash flows.

Financial statements are a structured presentation starting from the financial position and financial performance of an entity. The financial statements provide information about the economic resources of the reporting entity, claims against the reporting entity, and the effects of transactions and other events and conditions that change those resources and claims. In the Basic Framework for the Preparation and Presentation of Financial Statements, Financial Accounting Standards (SAK, 2016) state that there are four qualitative characteristics of financial statements that are useful to its users. The four qualitative characteristics of financial report information are (Utami & Ratih, 2020):

- a) Understandability Information contained in financial statements can be understood by users and stated in terms and conditions that are adjusted to the limits of user understanding. Users are assumed to have adequate knowledge of the reporting entity's activities and operating environment, as well as a willingness to study the information in question.
- b) Relevant Financial reports are relevant information to satisfy users in making decisions. Information has the quality of being relevant if it can influence the economic decisions of users by helping them evaluate past, present or future events, helping to correct the results of their past evaluations.
- c) Reliable Information in financial reports must be free from misleading notions and material errors, present every fact that occurs honestly, and can be verified. Information may be relevant, but if the nature of presentation is unreliable then the use of the information has the potential to be misleading.

- d) Comparability The information contained in the financial statements will be more useful if it can be compared with the financial statements of the previous period or the financial reports of other reporting entities in general. Comparisons can be made
- e) internally and externally. Internal comparisons can be made if an entity applies the same accounting policies from year to year. External comparisons can be made if the entities
- f) being compared apply the same accounting policies. If a government entity adopts accounting policies that are better than the current accounting policies, those changes are disclosed in the period in which those changes occur.

2.2 Financial Performance

In contrast to financial reports, financial performance explains the level of achievement that has been obtained for the activities and programs that have been carried out by the company. Nurati, et al, (2019) stated that financial performance can be a measuring tool for measuring and seeing the development of a company's finances so that it can be used as a benchmark in the success of a company. A company really needs the development and growth of the company so that it can be said to be able to compete with other companies. one thing that can be done is to measure financial performance. Financial performance will provide information with a critical analysis of financial data owned by a company.

Profitability is the end result of the company's performance management, both in decision making and policies carried out by the management concerned about the use of funds to run the company and the company's funding sources so that it is summarized in one report, namely the balance sheet. Profitability is the company's ability to generate profit (profitability) at that time the level of sales, assets and share capital of the company. Profitability ratio is a description of the company's ability to generate profits. The profitability ratios provide its users with an understanding of how well a company can utilize its existing resources to generate profits and increase the welfare of its shareholders. The higher the profitability ratio, the better a company runs its operations,

A component of company performance that many researchers analyze is the company's financial performance. Financial performance is a vital goal carried out by company managers for the company's existence in the future. Performance appraisal is important because it takes time and is sometimes frowned upon by company managers. The company's financial performance is reflected in the profitability generated by the company over a certain period. Profitability is an important indicator in assessing the success of a company by its stakeholders

2.3 Profitability Ratio

Profitability ratio is a comparison used to assess a company's ability to generate profit (profit) from revenue related to sales, assets and equity based on certain criteria. The capacity of a company to generate profits within a certain period of time is referred to as profitability. Munawir (2002) stated that the profit earned from the sale and investment of the company, seen from the components of the financial statements, can be used to measure the efficiency and effectiveness of management. There are a variety of ratios used to calculate profitability ratios, including:

2.4 Gross Profit Margin (GPM)

A profitability ratio called the gross profit margin measures how much of sales revenue consists of gross profit. The impact of the cash flow statement on gross profit reveals how much profit a company generates after deducting expenses incurred to provide

goods or services. Sawir (2009: 18) claims that gross profit margin is a ratio that assesses how effectively a company manages goods or manufacturing costs, indicating its capacity for efficient production. The standard used in an industry is 30%.

$$GPM = \frac{\text{Gross profit}}{\text{Net income}} \times 100\%$$

2.5 Net Profit Margin (NPM)

According to Kasmir (2008: 200), net profit margin compares profit after interest and taxes with sales as a measure of profit. In addition, the financial stability of the business is checked using this NPM. NPM can be said to be good if it is above 20%.

$$NPM = \frac{\text{Net Profit After Tax}}{\text{Sale}} \times 100\%$$

2.6 Return of Assets (ROA)

The concept of return on assets is often also called return on investment, according to Irhan Fahmi (2016: 98), because this ROA examines the extent to which the investment that has been made is able to provide the expected return and the investment is actually the same as the company's assets invested or placed. The ROA calculation formula is:

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

2.7 Return of Equity (ROE)

ROE is a profitability ratio that can be used to evaluate a company's capacity to generate profits from the capital invested by the company's shareholders. Return on Equity which measures the amount of profit earned by shareholders for every rupiah invested was stated by Werner R. Murhadi (2013: 64). ROE will be better shown the higher

$$ROE = \frac{\text{Profit After Tax}}{\text{Equity}} \times 100\%$$

III. Research Method

Descriptive research with a quantitative approach is the method used. Research that presents facts and events in a systematic and accurate manner, followed by a description, recording and analysis of existing conditions, is known as descriptive research. The collection and analysis of financial statement data for cigarette companies listed on the Indonesia Stock Exchange is one of the stages of the multistage process (IDX) of this research. Profitability ratios are included in the discussion and analysis of the results. Gross Profit Margin (GPM), Net Profit Margin (NPM), Return Of Assets (ROA), and Return Of Equity (ROE).

IV. Discussion

This research calculates four cigarette companies listed on the Indonesian stock exchange (2019-2021) in Indonesia, namely PT. HM Sampoerna Tbk, PT. Bentoel Internasional Investama Tbk, Gudang Garam Tbk, and PT. Wismilak Inti Makmur Tbk.

Each company will be counted and an analysis of its profitability ratios will be carried out in accordance with the data obtained in the study.

Table 1. Results of Calculation of the Profitability Ratio of PT. HM Sampoerna Tbk

| Profitability Ratio | 2019 | 2020 | 2021 |
|----------------------------|-------------|-------------|-------------|
| GPM | 26.5% | 20.3% | 17.1% |
| NPM | 12.9% | 9.2% | 7.2% |
| ROA | 35.9% | 22.4% | 17.2% |
| ROE | 38.5% | 28.2% | 24.5% |

Based on Table 1 it is clear that PT. HM Sampoerna Tbk's profitability ratios from 2019 to 2021 experienced erratic developments, with increases and decreases during this period, but consistently remained strong.

In table 1, it is known that the value of Gross Profit Margin (GPM) at PT. HM Sampoerna showed a figure of 26.5% in 2019, then decreased in 2020 to 20.3%, and decreased again in 2021 to 17.1%. The average GPM in 2019-2021 is 21.3%. In accordance with the standards previously given, namely the GPM standard for a company industry is 30% so that PT. HM Sampoerna can be interpreted as having not/not being able to generate a gross profit on its sales because the GPM presentation is below a predetermined standard of 30%. With this it can be concluded that in the GPM analysis, PT. HM Sampoerna is less able to generate a gross profit on its sales. The next calculation is Net Profit Margin (NPM) which shows 12.9% in 2019, 9.2% in 2020, and 7.2% in 2021. These three values can be calculated with an average NPM of 9.76%. The average NPM value is certainly far below the predetermined standard of 5%. With the NPM calculation, it can be seen that PT. HM Sampoerna is able to generate a net profit on the sales that have been made. next is the calculation of Return of Assets (ROA) which already has standards with good criteria above the value of 5.98%. PT. HM Sampoerna showed an ROA value of 35.9% in 2019, 22.4% in 2020, and 17.2% in 2021. when calculated with the average, the resulting average ROA is 25.1% which has exceeded the specified category standard of 5.98%. With this it can be concluded that the net profit generated from every rupiah of funds embedded in total assets is very high. PT. HM Sampoerna can be said to have been efficient in using its assets in operating activities to gain profit. The last calculation is the calculation of Return Of Equity (ROE). The closer to 100%, the better. However, the minimum or ideal value in measuring ROE is 15%. In table 1, it is known that the ROE value in 2019 was 38.5%, in 2020 it was 28.2%, and in 2021 it was 24.5%. if the average of the ROE is calculated, the resulting ROE average value is 30.4%. with this it can be interpreted that the ROE of PT. H, Sampoerna has a productive or good company performance so that it can increase investor confidence to invest in the company. Overall, it is known in table 1 that there are fluctuations every year in each profitability ratio, but the value remains within reasonable limits.

Table 2. Results of Calculation of the Profitability Ratio of PT. Bentoel Internasional Investama Tbk

| Profitability Ratio | 2019 | 2020 | 2021 |
|----------------------------|-------------|-------------|-------------|
| GPM | 14.9% | 10% | 9.4% |

| | | | |
|-----|-------|---------|-------|
| NPM | 0.24% | (19.2)% | 0.95% |
| ROA | 0.17% | (21.2)% | 0.6% |
| ROE | 0.60% | (4.6)% | 0.13% |

Based on Table 2 it is clear that PT. Bentoel Internasional Investama Tbk from 2019 to 2021 has experienced a setback. The biggest decline was seen in NPM (Net Profit Margin) which showed a score of -19.2% in 2020. This was due to PT. Bentoel Internasional Investama Tbk net loss of IDR 2.67 trillion in 2020 and sales of IDR 13.89 trillion (down 33.3% from 2019 net profit of IDR 50.6 billion and sales of IDR 20.8 trillion).

Table 2 is the result of calculating the profitability ratio of the company, namely PT. Bentoel Internasional Investama Tbk. Table 2 shows the calculation of the Gross Profit Margin (GPM) obtained from PT. Bentoel Internasional Investama Tbk which is worth 14.9% in 2019 and decreased in 2020 to 10%, and has decreased again in 2021 which is 9.4%. The average obtained from the GPM calculation is 11.4%. Of course, the value of 11.4% is very far below the GPM standard of an industry company which is in the value of 30%. The low GPM obtained can indicate that PT. Bentoel Internasional Investama Tbk is less able to control its production costs and cost of goods sold so that as the years go by, the company's operating conditions will decrease. Next is the calculation of the Net Profit Margin (NPM) which shows 0.24% in 2019, 19.2% in 2020, and 0.95% in 2021. The average that can be calculated from the NPM is 6.79%. This value is of course very far below the predetermined NPM standard of 5%. With this it can be concluded that, PT. Bentoel International Investama Tbk is considered efficient in determining the cost of goods sold. The better/higher the NPM of a company will cause the stock price to increase which is able to give confidence to investors in participating in investing in the company. The next calculation is Return of Assets (ROA), which is a calculation of net income divided by average assets and multiplied by 100. In 2019, the ROA value is known to be 0.17% and increased drastically in 2020 to 21.2%, and decreased again in 2021 to 0.6%. if calculated with the average - the average value will be obtained 7.3%. The standard for predetermined ROA is 5% or more. ROA value owned by PT. Bentoel Internasional Investama Tbk shows results that are higher than the predetermined standard so that it can be interpreted that PT. Bentoel Internasional Investama Tbk is able to optimize and streamline the company's performance in utilizing assets to achieve net profit. Next is the last calculation, namely Return Of Equity (ROE). It is known that PT. Bentoel Internasional Investama Tbk has an ROE value in 2019 of 0.60% and increases to 4.6% in 2020, and will decrease again in 2021 to a value of 0.13%. This calculation can be averaged to give an average ROE value of 1.77% with this it can be interpreted that the ROE of PT. Bentoel Internasional Investama Tbk lacks productive or good company performance so it is less able to increase investor confidence to invest in the company.

Table 3. Results of the calculation of the Profitability Ratio of Gudang Garam Tbk

| Profitability Ratio | 2019 | 2020 | 2021 |
|----------------------------|-------------|-------------|-------------|
| GPM | 20.6% | 15.2% | 11.4% |
| NPM | 9.8% | 6.7% | 4.5% |
| ROA | 18.4% | 12.2% | 8.1% |
| ROE | 21.3% | 13.0% | 9.5% |

Based on Table 3, it can be seen that the profitability ratio of Gudang Garam Tbk from 2019 to 2021 has decreased from year to year but is still considered to be in a stable range. The rate of return on Gudang Garam Tbk's assets fluctuated during the 2019–2021 period, although in general it tended to decrease. This can happen because the increase in assets is relatively greater than the increase in profits (Sirait, 2016).

Table 3 is the result of calculating the Profitability Ratio from Gudang Garam Tbk which provides a separate analysis of the company's performance. The first is a calculation related to the Gross Profit Margin (GPM), which obtained a value of 20.6% in 2019 and continued to decrease in 2020 to 15.2% and continued to decrease in 2021 so that the value became 11.4%. the average GPM that can be generated in 2019 – 2021 is 15.73%. of course this value is still below 30% in accordance with the standards that have been given. With this it can be interpreted that Gudang Garam Tbk has not/is not able to generate a gross profit on its sales because the GPM presentation is below the predetermined standard of 30%. With this it can be concluded that in the GPM analysis, Gudang Garam Tbk is less able to generate a gross profit on its sales. The next calculation is Net Profit Margin (NPM), which has a value of 9.8% in 2019, 6.7% in 2020, and 4.5% in 2021. These three values are calculated on average to obtain a value of 7%. NPM can be said to be good if it can reach around 5% or more. With this it can be said that the NPM owned by Gudang Garam Tbk exceeds the standard it should be, so that Gudang Garam Tbk is considered efficient in determining the cost of goods sold. The better/higher the NPM of a company will cause the stock price to increase which is able to give confidence to investors in participating in investing in the company. next is the calculation of Return on Assets (ROA) which is the calculation of net profit divided by average assets and multiplied by 100. Gudang Garam's ROA in 2019 was 18.4%, 2020 was 12.2%, and in 2021 was 8.1% . The three values can be averaged so that it gives an average value of 12.9%. the standard for ROA that has been determined is 5% or more, with this it can be concluded that Gudang Garam Tbk's ROA has exceeded the standard that should be, Gudang Garam Tbk is able to optimize and streamline the company's performance in utilizing assets to achieve net profit. The last calculation is done, namely Return of Equity (ROE). Gudang Garam Tbk's ROE in 2019 was 21.3% and decreased in 2020 to 13%, and decreased again in 2021 to 9.5%. the three ROE values are averaged to 14.6%. By this it can be interpreted that Gudang Garam Tbk's ROE has a productive or good company performance so that it is able to increase investor confidence to invest in the company. Overall, it is known in table 1 that there are fluctuations every year in each profitability ratio, but the value remains within reasonable limits.

Table 4. Results of Calculation of the Profitability Ratio of PT. Wismilak Inti Makmur Tbk

| Profitability Ratio | 2019 | 2020 | 2021 |
|----------------------------|-------------|-------------|-------------|
| GPM | 31% | 31.3% | 23.8% |
| NPM | 2% | 8.6% | 6.5% |
| ROA | 3.3% | 13.3% | 11.3% |
| ROE | 2.6% | 14.5% | 13.4% |

Table 4 shows that the profitability ratio of PT. Wismilak Inti Makmur Tbk experienced erratic development from 2019 to 2021. It is clear that growth from 2019 to

2020 has experienced a significant increase. However, it has diminished in 2021, although it is still growing steadily. Based on the financial records listed on the Indonesian Stock Exchange (IDX), PT Wismilak Inti Makmur Tbk reported positive financial results in 2020. Net sales were recorded at IDR 1.99 trillion in 2020, up 43.15% from the company's actual sales in 2019, there were 1.39 trillion.

In table 4, it is known that the value of Gross Profit Margin (GPM) at PT. Wismilak Inti Makmur Tbk showed a figure of 31% in 2019, then increased in 2020 to 31.3%, and decreased again in 2021 to 23.8%. The average GPM in 2019-2021 is 28.7%. In accordance with the standards previously given, namely the GPM standard for a company industry is 30% so that PT. PT. Wismilak Inti Makmur Tbk can be interpreted as having not/not being able to generate a gross profit on its sales because the GPM presentation is below the predetermined standard of 30%. With this it can be concluded that in the GPM analysis, PT. Wismilak Inti Makmur Tbk is less able to generate a gross profit on its sales. However, the percentage that almost reaches the standard can be continuously increased. The next calculation is the Net Profit Margin (NPM) which shows 2% in 2019, 8.6% in 2020, and 6.5% in 2021. These three values can be calculated with an average NPM of 5.7%. The average value of the NPM is of course more than the predetermined standard of 5%. With the NPM calculation, it can be seen that PT. Wismilak Inti Makmur Tbk is able to generate net profit on the sales that have been made. next is the calculation of Return of Assets (ROA) which already has standards with good criteria above the value of 5.98%. PT. Wismilak Inti Makmur Tbk showed an ROA value of 3.3% in 2019, 13.3% in 2020, and 11.3% in 2021. when calculated with the average, the resulting average ROA is 9. 3% which has exceeded the specified category standard of 5.98%. With this it can be concluded that the net profit generated from every rupiah of funds embedded in total assets is very high. PT. Wismilak Inti Makmur Tbk can be said to have been efficient in using its assets in operating activities to gain profit. The last calculation is the calculation of Return Of Equity (ROE). The closer to 100%, the better. However, the minimum or ideal value in measuring ROE is 15%. In table 4, it is known that the ROE value in 2019 was 2.6%, in 2020 it was 14.5%, and in 2021 it was 13.4%. if the average of the ROE is taken into account, the resulting ROE average value is 10.1%. with this it can be interpreted that the ROE of PT. Wismilak Inti Makmur Tbk does not yet have a productive or good company performance so that it is unable to increase investor confidence to invest in the company. Overall, it is known in table 4 that there are fluctuations every year in each profitability ratio, but the value remains within reasonable limits.

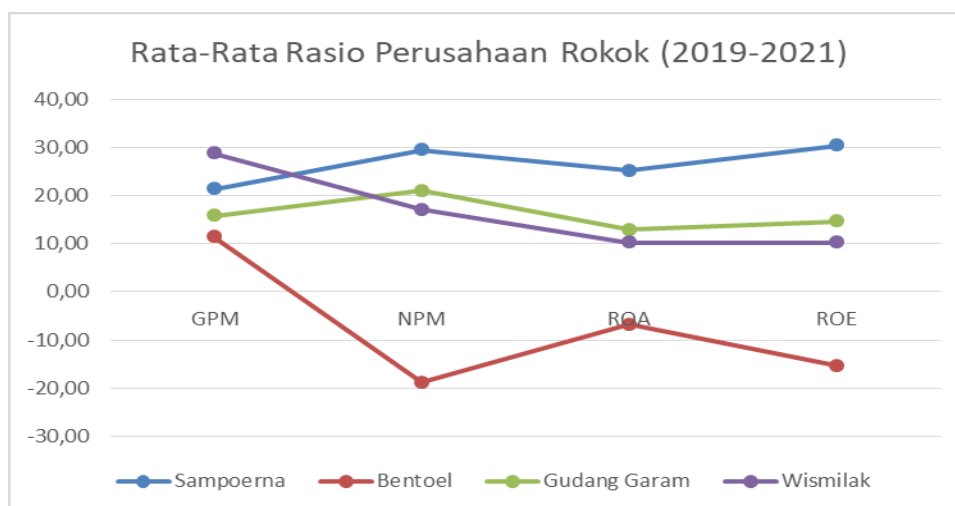


Figure 1. The Development of Profitability in 2019-2021

The results of an analysis of the financial statements and graphic images of four cigarette companies for the three year period 2019-2021 show that PT. HM Sampoerna has a better and more stable financial performance, where the average value of GPM = 21.31%, NPM = 29.44%, ROA = 25.19%, ROE = 30.37%. Meanwhile, PT Bentoel Internasional Investama Tbk has the worst financial performance, where the average GPM = 11.42%, NPM = (-18.86%), ROA = (-6.82%), ROE = (-15.33%). Gudang Garam Tbk can be said to have experienced fluctuating developments where the average value of GPM = 15.74%, NPM = 21.01%, ROA = 12.91%, ROE = 14.63%. Meanwhile PT. Wismilak Inti Makmur Tbk has GPM = 28.72%, NPM = 17.08%, ROA = 10.20%, ROE = 10.20%. From the four companies seen from the condition of their financial performance, PT. HM Sampoerna can be said to be better and more stable, compared to Gudang Faram Tbk, PT. Bentoel Internasional Investama Tbk and PT. Wismilak Inti Makmur Tbk.

Figure 1 is a graph of the profitability development of Sampoerna, Bentoel, Gudang Garam and Wismilak companies. The four companies tend to fluctuate every year so that analytical calculations can only provide information according to what is obtained. Of the four cigarette companies, Sampoerna has a more stable financial performance and tends to experience an increase. Likewise at Gudang Garam, but not as good as Sampoerna. The Wismilak Company experienced a significant decline so that the financial performance of the company needed to be further updated and improved. Just like the Wismilak Company, Bentoel also provided information that his company was not good at managing financial performance so that the results obtained were not very good for a company. Various kinds of calculations carried out in this study are very important determinants of finance in a company. NPM is able to provide analysis in terms of profit achievement. As written by Sukri, et al, (2023) that a high NPM indicates that the company is able to increase its business by achieving operating profit in that period. With the achievement of profits generated by the company, investors can expect a high return from their capital. The net profit margin, or net margin, reflects a company's ability to generate revenue after all costs and taxes are taken into account. It is obtained by dividing net income into total revenue. Net profit margin is seen as a determinant of the overall financial well-being of a business. This can show whether the management of the company is making sufficient profits from its sales and controlling all costs. The drawback as a peer comparison tool is that, because it takes into account all expenses, it may reflect one-off expenses or asset sales that will increase profits for that period only. Other companies will not have the same one-time transaction. That's why it's a good idea to look at other ratios, such as gross margin and operating margin, along with net profit margin. Gross Profit Margin (GPM) explains how much a company's ability to generate gross profit, the greater the ratio/percentage between gross profit and net sales, the better the company is in managing its cost of goods sold (Jayasukmana & Susilo, 2022). The return on investment ratio or return on investment can also be said to be Return on Assets (ROA). This ratio looks at the extent to which the investment that has been invested is able to provide expected returns (Akbar, 2021). ROA is influenced by two main factors, namely the turnover of operating assets and profit margin (net profit in percentage). The profit margin will measure the level of profit that can be achieved by the company in connection with its sales. ROA is a profitability ratio that shows a company's ability to generate profits efficiently from its total assets. The greater the company's average ROA performance, the better the company's profitability, because the rate of return generates more profits versus relatively small assets. Return on assets is an internal factor used to measure a company's effectiveness in generating profits by using its assets. High return on assets shows how well assets are managed by the company to generate profits for every one dollar of assets that have been invested in the

company (Atidhira & Yustina, 2021). Increasing ROA indicates that the better the performance of the company and its shareholders can benefit from an increase in capital gains and/or dividends received. If capital is obtained or dividends received by shareholders are increasing, then investors or potential investors will be increasingly interested in investing their funds into the company. With the growing attraction for many investors who want company shares, if the demand for company shares increases, the share price will also increase. With an increase in stock prices, the returns that investors get from these shares also increase. This is because return is the difference between the current stock price and the previous stock price.

Next is the return on equity ratio (ROE) which examines the extent to which a company uses its resources to be able to provide a return on equity. Return on equity can be used to determine management's success in managing company capital in providing returns to shareholders, the higher this ratio the better because it provides a greater rate of return to shareholders. Based on this theory, the higher the profit, the higher the portion of profit that will be distributed as dividends (Hikmah, et al, 2022). Several factors can increase Return on Equity (ROE), namely:

- a) increase sales without increasing expenses and costs proportionately,
- b) reduce the cost of goods sold or operating expenses of the company,
- c) increase sales relative to asset value, either by increasing sales or reducing the amount invested in asset sales,
- d) increasing the use of debt relative to equity, to the point that it does not jeopardize the company's financial well-being.

Increasing the Return on Equity ratio from year to year in the company means that there is an increase in the net profit of the company concerned, which will cause stock prices, which also means an increase in the value of the company. In general, ROE means the probability ratio to measure a company's ability to generate returns from investments made by shareholders in the company. In simple terms, ROE is the result of a comparison between a company's net profit after tax (earnings after tax) and its total capital. ROE is used to measure a company's ability to generate net profit after tax in utilizing its capital. The higher the ROE value, the better the financial performance in managing business capital in generating net profit after tax. So that a good company's ability to generate profits will also increase the value of the company. Return On Equity (ROE) has a positive and significant effect on firm value.

V. Conclusion

1. It is possible to draw the following conclusions from the discussion of the 4 companies:
2. PT. HM Sampoerna is more stable than the other three companies, based on 2019 to 2021 profitability ratios for the four companies. Gudang Garam Tbk is in second place, followed by PT. Wismilak Inti Makmur Tbk is in third place, and PT. Bentoel Internasional Investama Tbk is in fourth place.
3. Even though PT. Wismilak Inti Makmur's financial performance is expected to decline in 2021, it is considered stable. Gudang Garam Tbk continues to experience a decline but does not affect its financial performance, followed by PT. Bentoel Internasional Investama Tbk which experienced the most severe setback. PT. HM Sampoerna continues to experience improvements in its financial performance reports.

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