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Profitability Ratio Analysis to Measure Financial Performance at PT. Ultra Jaya Milk Tbk for the period 2022-2024

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ABSTRACT

This research aims to analyze the financial performance of PT. Ultra Jaya Milk Tbk for the period 2022-2024 through profitability ratio analysis. The research method used is quantitative descriptive by analyzing the company's financial statements over the past three years. The profitability ratios calculated include Gross Profit Margin (GPM), Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE). The research results show that the company's GPM consistently remains above the industry standard with values of 32.09% (2022), 32.42% (2023), and 34.05% (2024). However, NPM, ROA, and ROE are still below the healthy industry standards. NPM recorded 12.61% (2022), 14.29% (2023), and 13.00% (2024). ROA showed values of 13.09% (2022), 15.77% (2023), and 13.64% (2024). Meanwhile, ROE recorded 16.58% (2022), 17.74% (2023), and 15.54% (2024). This study concludes that although the company is able to control the cost of goods sold well, there is still a need for optimization in managing operational expenses and utilizing assets and capital to improve overall profitability.

Introduction

The food and beverage industry is one of the strategic sectors in the Indonesian economy that continues to experience significant growth. In this context, the company's financial performance becomes an important indicator to measure the company's ability to generate profit and maintain its competitive position in the market. PT. Ultra Jaya Milk Industry & Trading Company Tbk (ULTJ), as one of the leading companies in the food and beverage sector, particularly in the dairy and ready-to-drink industries, requires a comprehensive evaluation of its financial performance through profitability ratio analysis.

PT Ultrajaya Milk Industry & Trading Company Tbk (ULTJ) operates in the food and beverage industry, specifically in dairy and tea beverages. Founded in 1958 in Bandung (West

Java) as a home industry producing packaged milk. The company began its history in the 1960s as a family business by Achmad Prawirawidjaja, which later evolved into a limited liability company in 1971. As a pioneer in the production of fresh liquid milk, soft drinks, and several health beverages produced with UHT Technology and aseptically packaged, Ultra Jaya has positioned itself as a market leader in the liquid milk segment with its flagship brands UltraMilk and Teh Kotak.

Fundamentally, financial ratio analysis is the process of calculating various ratios obtained from financial statement data, followed by the interpretation of the resulting ratio figures. Through this financial analysis approach, business organizations have the ability to measure their performance from various aspects such as profitability, liquidity levels, operational effectiveness, as well as capital utilization and cost management.

By utilizing these financial ratio instruments, the company can monitor its financial condition and formulate optimal strategies based on the information obtained. In addition, ratio analysis serves as a tool for managers in the process of making strategic decisions and evaluating the targets that the organization must achieve, as well as helping to predict conditions that may occur in the future.

Financial statements are the output of an accounting system developed based on widely accepted standards, serving as a medium for conveying financial information to various stakeholders. (Munawir, 2016) explains that financial statements are products of accounting activities that serve as a communication bridge regarding financial information or the operational activities of a business entity to parties interested in that data.

Meanwhile, (Kasmir, 2019) defines financial statements as documents that show the financial situati on of a company at a specific time or over a specified period. Based on these two perspectives, it can be understood that financial statements are documentation of the financial status within one accounting cycle that provide benefits to the organization in the process of making strategic decisions to achieve the company's goals.

Financial statement analysis is the process of breaking down the components of financial statements into more detailed segments of information and identifying meaningful and significant correlations among various data, both quantitative and qualitative, with the aim of gaining a deep understanding of the financial condition that is crucial for making accurate decisions. Harahap (2018) explains the concept of financial statement analysis by elaborating on each terminology. The word "analysis" refers to the process of dividing a whole into more specific parts. As for "financial statements," they include the balance sheet, income statement, cash flow statement, and statement of changes in equity.

By integrating both definitions, financial statement analysis can be defined as the process of breaking down the elements of financial statements into more detailed segments of information and observing significant and meaningful relationships between various quantitative and non-quantitative data, aimed at comprehensively understanding the financial condition, which is vital in making targeted decisions.

Financial performance is the financial achievement obtained by a business entity at a specific time based on mathematical calculations. The process of performance evaluation becomes a crucial aspect in measuring the extent to which the company operates optimally and efficiently. According to (Fahmi, 2017), financial performance is a form of evaluation aimed at observing the level of compliance of the company with proper and accurate financial management standards. From this explanation, it can be concluded that financial performance reflects the organization's achievement in fulfilling its role as the manager of the company's resources, while also measuring the extent to which financial principles have been correctly implemented.

According to (Darmayanti D, 2021), the profitability ratio is an important indicator for measuring a company's ability to generate profits from its business activities. The level of profitability reflects how effectively the company runs its operations and optimizes its resources. In the concept of financial management, profitability is viewed as the main parameter for evaluating the fundamental performance of an organization or can be interpreted as a measure of the effectiveness of company management. (Harahap, 2018) explains that profitability ratios are evaluation tools to measure the performance of a company, showing the final impact of various strategies and decisions made by management. Meanwhile, according to (Fahmi, 2017), profitability ratios are defined as indicators that measure the overall efficiency of a company's management, which can be seen from the extent of the profit achieved in relation to the volume of sales or the value of investments.

From the three definitions above, it can be concluded that the profitability ratio is an indicator that functions to measure the company's capacity to generate profit based on the level of sales, assets, and capital owned. This ratio is useful not only for the needs of the company's owners or management but also for external stakeholders, particularly those who have a connection or interest in the company. (Fahmi, 2017) categorizes the profitability ratios commonly used in practice to evaluate a company's ability to generate profits into four categories, namely Gross Profit Margin (GPM), Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE).

Method

The type of research used in this study is descriptive research using a quantitative approach. Descriptive research is a form of research aimed at describing or depicting existing phenomena, whether natural or man-made (Sukmadinata, 2017). According to (Sugiyono, 2020), The type of data in this study is quantitative data, which is expressed in numerical form as company accounting records in the form of financial statements from 2022-2024. The data in this study is the annual report of PT. Ultra Jaya Milk taken from the company's website and from the website www.idx.com.id.

The population in this study is the financial statements of PT. Ultra Jaya Milk Tbk for the period 2022-2024. The sample in this study consists of the financial position statements and income statements for the period 2022-2024. The ratio analysis used is profitability analysis. Where the profitability ratio is a ratio that measures the company's ability to generate profit or gain over a certain period. The measurement of the company's financial performance in measuring the profitability ratio includes the following:

1. Gross Profit Margin/GPM

   Gross Profit Margin is the comparison between the gross profit obtained by the company and the sales level achieved in the same period. GPM is calculated using the formula:

$$\textbf{Gross Profit Margin} = \frac{\textbf{Gross Profit x 100\%}}{\textbf{Sales}}$$

2. Net Profit Marjin

   According to (Fahmi Irham, 2020) Net Profit Margin (NPM) is a ratio to measure net profit after tax against sales. The higher the NPM, the better the operation of a company. NPM is calculated using the formula :

$$\textbf{Net Profit Margin} = \frac{\textbf{Net Profit After Tax x 100\%}}{\textbf{Sales}}$$

3. Return on Assets / ROA

   Return On Assets is a ratio that shows how effectively a company's assets are used to generate profit. ROA can be calculated using the formula:

$$\textbf{Return On Asset} = \frac{\textbf{Net Profit x 100\%}}{\textbf{Total Asset}}$$

4. Return on Equity / ROE

   Return On Equity is a measurement and result available to stakeholders and the company for the capital they invest in the Company. ROE can be calculated with the formula:

$$\textbf{Return On Equity} = \frac{\textbf{Net Profit After Tax x 100\%}}{\textbf{Equity}}$$

According to (Kasmir, 2019), the average industry for Gross Profit Margin is considered healthy if its value is 30%. The average industry for Net Profit Margin is considered healthy if its value is 20%. Meanwhile, the average industry for Return on Asset is considered healthy if its value is 30%. Then, for Return On Equity, it is considered healthy if its value is 40%.

Result and Discussion

1. Gross Profit Marjin

Gross Profit Margin is the comparison between the gross profit obtained by the company and the sales level achieved in the same period. The gross profit margin shows the profit relative to the company, by subtracting the cost of goods sold from net sales. This ratio is a method for determining the cost of goods sold. The larger the GPM, the better the condition of the company.

Table 1. Gross Profit Margin PT Ultra Jaya Milk Tbk

Year	Dirty Profit	Sales	Ratio (%)
2022	Rp. 2,457,088	Rp. 7,656,252	32,09%
2023	Rp. 2,691,571	Rp. 8,302,741	32,42%
2024	Rp. 3,021,777	Rp. 8,874,202	34,05%

According to (Kasmir, 2019), a healthy industry standard for Gross Profit Margin is 30%. PT Ultra Jaya Milk Tbk has consistently shown GPM performance above the industry standard during the 2022-2024 period, indicating that the company is able to effectively control the cost of goods sold in generating gross profit from its sales activities.

In 2022, the company's GPM reached 32.09%, indicating that the company's ability to generate gross profit from each rupiah of net sales is quite good. With a GPM of 32.09%, the company is able to demonstrate efficiency in setting the cost of goods sold, where every Rp 100 of net sales can generate a gross profit of Rp 32.09. This condition reflects that the management is quite effective in controlling production costs relative to the level of sales achieved.

The year 2023 shows an increase in GPM to 32.42%, indicating an improvement in the efficiency of controlling the cost of goods sold. This increase indicates that the company is becoming better at managing production costs and setting product selling prices, thereby able to generate a more optimal gross profit margin. This condition reflects the company's ability to maintain price competitiveness while still preserving profitability from the production side.

In 2024, GPM experienced a more significant increase to 34.05%, showing the best performance during the analysis period. This increase indicates that the company is becoming more efficient in controlling the cost of goods sold relative to net sales, thereby able to generate a larger gross profit. This condition indicates that the company's strategies for controlling production costs and setting selling prices are working well.

2. Net Profit Marjin

Net Profit Margin or Margin Laba Bersih is a measure of profitability by comparing profit after interest and taxes to sales. The higher the NPM, the better the operations of a company

Tabel 2. Net Profit Margin PT Ultra Jaya Milk Tbk

Year	Net profit after tax	Sales	Ratio (%)
2022	Rp. 965,486	Rp. 7,656,252	12,61%
2023	Rp. 1,186,161	Rp. 8,302,741	14,29%
2024	Rp. 1,153,916	Rp. 8,874,202	13,00%

The industry standard for Net Profit Margin according to (Kasmir, 2019) is 20%, while PT Ultra Jaya Milk Tbk shows an NPM performance below that standard during the analysis period. This condition indicates that the company has not yet been able to optimize its operations as a whole to generate maximum net profit from every rupiah of sales.

The year 2022 recorded an NPM of 12.61%, indicating that the company's ability to generate net profit after tax from sales is still low. With this ratio, the company is not yet efficient in its operations because from every Rp 100 in sales, it can only generate a net profit of Rp 12.61. This low NPM reflects that although the company is able to control the cost of goods sold well, it has not yet optimized the control of other operational and non-operational expenses.

The NPM performance in 2023 improved to 14.29%, but it is still in the low category compared to industry standards. Although there has been an improvement, the company still has not been able to demonstrate optimal operational efficiency. This NPM level indicates that the company's operations are improving, but still require more effort to achieve the ideal profitability level from sales activities.

In 2024, NPM decreased to 13.00%, indicating a decline in the overall operational efficiency of the company. This decline indicates that the company's ability to generate net profit from sales has decreased, despite the GPM showing an increase. This condition indicates an increase in operational or non-operational expenses that affect the company's final profitability

3. Return On Assets

According to (Sudana, 2019), Return on Assets is the company's ability to use all its assets to generate profit after tax. This ratio is important for management to evaluate the effectiveness and efficiency of the company's management in managing all the company's assets. The larger the ROA, the more efficient the use of the company's assets, or in other words, with the same amount of assets, a larger profit can be generated, and vice versa

Table 3. Return on Assets PT Ultra Jaya Milk Tbk

Year	Net profit	Total Assets	Ratio (%)
2022	Rp. 965,486	Rp. 7,376,375	13,09%
2023	Rp. 1,186,161	Rp. 7,523,956	15,77%
2024	Rp. 1,153,916	Rp. 8,461,365	13,64%

According to (Kasmir, 2019), a healthy industry standard for Return on Assets is 30%. PT Ultra Jaya Milk Tbk showed an ROA performance far below this industry standard during the 2022-2024 period, indicating that the company has not yet been able to optimize all its assets to generate maximum profit.

In 2022, the company's ROA only reached 13.09%, indicating that the company's ability to use all its assets to generate post-tax profit is still low. With an ROA of 13.09%, the company has not been efficient in managing its assets, as it can only generate a net profit of Rp 13.09 from every Rp 100 of assets. This condition reflects that the management has not yet been fully effective and efficient in managing all of the company's assets.

The year 2023 showed an increase in ROA to 15.77%, but it is still far from the healthy industry standard. Although there has been an increase, the company is still unable to utilize its assets optimally to generate maximum profit. This increase indicates an improvement in asset management effectiveness, but still requires significant effort to achieve the ideal level of efficiency in the use of the company's assets.

In 2024, ROA decreased to 13.64%, indicating that the efficiency of the company's asset usage has declined again. This decline indicates that the company has experienced a setback in its ability to optimize assets to generate profit, resulting in a lower level of effectiveness and efficiency in management's handling of all company assets compared to the previous year.

4. Return On Equity (ROE)

Return on Equity is a ratio or return on equity ratio that measures net profit after tax with equity. This ratio indicates the efficiency of using equity. The higher this ratio, the better the company's condition. This means the position of the company's owner is stronger.

Table 4. Return on Equity PT Ultra Jaya Milk Tbk

Year	Net profit	Total equity	Ratio (%)
2022	Rp. 965,486	Rp. 5,822,679	16,58%
2023	Rp. 1,186,161	Rp. 6,686,968	17,74%
2024	Rp. 1,153,916	Rp. 7,426,365	15,54%

The industry standard for Return on Equity according to (Kasmir, 2019) is 40%, while PT Ultra Jaya Milk Tbk shows a very low ROE performance far below that standard during the analysis period. This condition indicates that the company has not yet been able to optimize its own capital to provide maximum returns to shareholders.

The year 2022 recorded an ROE of 16.58%, indicating that the company's ability to measure net profit after tax against its own equity is still very low. With this ratio, the company has not been efficient in using its own capital because the return generated from shareholders' equity is still far from optimal. This low ROE reflects that the efficiency of using equity has not yet reached the expected level to provide adequate returns for investors.

The ROE performance in 2023 saw a slight increase to 17.74%, but it is still in the low category compared to industry standards. Although there was an increase, the company still has not been able to demonstrate optimal efficiency in the use of its own capital. This ROE level indicates that the position of the company's owners is not yet strong enough because the return generated from their capital investment is still not optimal.

In 2024, ROE decreased to 15.54%, indicating a decline in the efficiency of using equity. This decrease suggests that the company's ability to generate net profit from its own equity is diminishing, weakening the position of the company's owners. This condition indicates that the company's return on equity is declining and requires a thorough evaluation of its equity management strategy.

Conclusion

Based on the analysis of the profitability ratios of PT. Ultra Jaya Milk Tbk for the period 2022-2024, it can be concluded that the company's financial performance shows varied conditions. From the perspective of Gross Profit Margin (GPM), the company has shown very good performance and consistently remained above the industry standard of 30%, with an increasing trend from 32.09% in 2022 to 34.05% in 2024. This indicates that the company is able to effectively control the cost of goods sold and has good efficiency in the production process.

However, three other profitability ratios indicate performance that still needs improvement. The company's Net Profit Margin (NPM) is still far below the industry standard of 20%, with fluctuating values of 12.61% (2022), increasing to 14.29% (2023), and then decreasing to 13.00% (2024). Return on Assets (ROA) also shows performance below the industry standard of 30%, with values of 13.09% (2022), 15.77% (2023), and 13.64% (2024). Similarly, Return on Equity (ROE) is far below the industry standard of 40%, with values of 16.58% (2022), 17.74% (2023), and 15.54% (2024).

This condition indicates that although the company is efficient in controlling production costs, it still faces challenges in optimally managing operational and non-operational expenses. The company has also not been able to maximize the utilization of assets and its own capital to generate optimal returns for stakeholders. Therefore, management needs to conduct an in-depth evaluation of the operational cost structure, asset utilization strategy, and capital management to improve overall operational efficiency and achieve a level of profitability that meets industry standards

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