Financial Performance Analysis of PT. Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering (IPO) and the influence on Profit Growth

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ABSTRACT
The aim of this study was to analyze the financial performance of PT. Industri Jamu and Farmasi Sido Muncul Tbk. after conducted the Initial Public Offering (IPO) period of 2014 - 2018 and its influence toward the profit growth. Multiple Linear Regression Analysis method by SPSS 25 was used in this study equipped with the Classic Assumption Test and Coefficient of Determination to analyze the influence of current ratio ($X1$), debt to asset ratio ($X2$), total asset turnover ratio ($X3$), return on equity ($X4$), and earning per share ($X5$) as independent variables on profit growth as dependent variable. The data were secondary data obtained from the annual report and financial report of PT Industri Jamu and Farmasi Sido Muncul.
The result showed that overall the financial performance of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the IPO was in good condition even though fluctuated. Meanwhile, the multiple linear regression analysis results showed that partially, the variable of total asset turnover ratio has positive significant and earning per share has a negative significant influence on profit growth. However, the other variables have an insignificant influence on profit growth. On the other hand, Simultaneously all of the independent variables significantly influence profit growth.

Keywords : Financial Performance, Liquidity Ratio, Solvability Ratio, Activity Ratio, Profitability Ratio, Valuation Ratio, Profit Growth

Analisis Kinerja Keuangan PT. Industri Jamu dan Farmasi Sido Muncul Tbk. setelah Initial Public Offering (IPO) dan pengaruh terhadap Pertumbuhan Laba

Abstrak
Studi ini dilaksanakan untuk menganalisa kinerja keuangan PT Industri Jamu dan Farmasi Sido Muncul Tbk. setelah melakukan penawaran umum perdana (IPO) tahun 2014 – 2018 dan pengaruhnya terhadap pertumbuhan laba. Studi ini menggunakan metode analisis Regresi Linear Berganda dengan program SPSS 25 yang dilengkapi dengan uji asumsi klasik untuk menganalisa pengaruh current ratio ($X1$), debt to asset ratio ($X2$), total asset turnover ($X3$), return on equity ($X4$), and earning per share ($X5$) *sebagai variabel bebas terhadap pertumbuhan laba sebagai variabel terika. Data yang digunakan adalah data sekunder yang didapat dari laporan tahunan dan laporan keuangan PT. Industri Jamu dan Farmasi Sido Muncul.*
Hasil analisis menunjukkan bahwa kinerja keuangan PT Industri Jamu dan Farmasi Sido Muncul Tbk. setelah IPO berada pada keadaan yang baik berfluktuasi. Sementara itu, hasil analisis regresi linear berganda menunjukkan bahwa, secara parsial variabel total asset turnover *memiliki pengaruh positif signifikan dan* earning per share *memiliki pengaruh negatif signifikan terhadap pertumbuhan laba. Sedangkan, variable lain tidak berpengaruh secara signifikan terhadap pertumbuhan laba. Di sisi lain, secara simultan semua variable bebas secara signifikan mempengaruhi pertumbuhan laba.*

INTRODUCTION

Financial information is one of the important and fundamental parts of a business entity to achieve the company objectives which consist of all data regarding the company's financial position, company financial performance, cash flow, company profit and loss, and all information relating to financial statements. The company's financial statements show the company's ability to generate profits includes an overview of the economic value and efficiency of company activities. Many individuals and organizations use financial statements to improve business decisions.

The purpose of financial statements is to provide useful information for investors and creditors in making investment and credit decisions. Financial information users must be able to understand the financial condition and company operation's results through financial statements. According to Robinson (2015 : 3) The primary purpose of financial reports is to provide information and data about a company's financial position and performance, including profitability and cash flows.

Financial statements will be more useful if the information contained in these financial statements can be used to predict what will happen in the future by further processing the financial statements through a process of comparison, evaluation and trend analysis. This is in line with the argument of Leopold A. Bernstein which states that Financial statement analysis is the judgmental process that aims to evaluate the current and past financial positions and results of operation of an enterprise, with the primary objective of determining the best possible estimates and predictions about future conditions and performances (Hery, 2016).

One of the economic decision that requires financial information is a strategy to increase profit growth. Profit growth is a change in the percentage increase in profits earned by the company which will very beneficial for the company viability to measure the success level of the company. If a company has good profit growth, it can be said that the company has good financial conditions so that it can increase the value of the company.

The profit growth of a company may experience erratic increases and decreases. Therefore, an analysis is needed to predict profit growth rates using financial information or financial statements. Analysis that can be conducted to predict profit growth is financial performance analysis using the financial ratios. Ratio analysis is part of financial analysis which carried out by linking various estimates in the financial statements in the form of financial ratios. This financial ratio analysis can reveal important relationships between estimates of financial statements and can be used to evaluate the financial condition and performance of the company.

According to Jumingan (2011: 239), financial performance is a description of the financial condition of a company in a given period, both in terms of aspects of fund collection and funding, which are usually measured by indicators of capital adequacy, liquidity, and profitability. Therefore, the company analyzes financial performance by assessing capital adequacy, liquidity, and profitability to determine the financial situation. If the financial condition is in bad condition, the company needs to improve financial management to increase profit growth in the future.

PT Industri Jamu and Farmasi Sido Muncul Tbk. (Sido Muncul) is group company engaged in the Herbal and Pharmaceutical Industry, Trade, Land Transportation, Services and Agriculture which established by Ibu Rahmat Sulistio in

the 1930s in Yogyakarta and then changed to a Limited Liability Company in 1975. Since its founding, PT Industri Jamu and Farmasi Sido Muncul Tbk. has grown and expanded its business by not only concentrating on the herbal (herbal) industry and opening a new division namely "Food Division" in 2004. Since it has entered the 4th generation, In 2013 the company planned to do business expansion to the world level by the enormous opportunities seen from the rapid rate of income growth which showed by the total income of PT. Industri Jamu and Farmasi Sido Muncul Tbk. period of 2011 – 2013.

The income of PT. Industri Jamu and Farmasi Sido Muncul Tbk. was increased continuously from 2011, which was Rp. 339.936 millions to Rp. 387.538 millions in 2012 and again increased rapidly to Rp. 405.943 millions in 2013. By this increase, Sido Muncul decided to carry out internal reconstruction to expand access to funding, business development, increasing operational and organizational effectiveness which will ultimately increase the value of the company. Then, in 2013 Sido Muncul Appeared to conduct an Initial Public Offering (IPO) of 1,500,000,000 (one billion fve hundred million) shares at a starting price of Rp580 (fve hundred and eighty Rupiah) per share. By this IPO, the company succeeded to ecquire fund in the amount of Rp. 870.000.000.00,- (eight hundred seventy billion rupiah) which was used to increase working capital and investment of the company, including in its two subsidiaries.

After taking steps to enter the stock market, PT. Industri Jamu and Farmasi Sido Muncul Tbk. was growing rapidly with financial assistance from various parties which can be seen from the income's increased along with developments carried out after the Initial Public Offering (IPO).

Sido Muncul's total incomes was always increased from year to year wherein 2014, Sido Muncul recorded a good financial performance by generating incomes of Rp 416.571 millions or an increase of 2,7% from 2013 which only amounted to Rp 405.943 millions. Then, again rose in 2014 with incomes of Rp. 437.898 millions or an increase of 5,2% from 2013. While, in 2015 the incomes were increased by Rp. 50.977 millions amounted to Rp. 522.719 millions. The peak was in 2018 where the incomes were increase rapidly to Rp. 660.669 million. It was the highest increase as much as 26,4% after the company conducted an Initial Public Offering.

By the Sido Muncul decision to conducted the IPO, the author would like to analyze financial movements to find out the company's financial performance after the IPO and its impact on the company's profit growth. The financial performance that will be examined is obtained from the financial statements of PT Industri Jamu and Farmasi Sido Muncul Tbk. for the period of 2011-2018 to analyze the performance after the company conducted an IPO. Therefore, the title of this research is "**Financial Performance Analysis of PT. Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering (IPO) and the Influence toward Profit Growth**".

METHOD
Research Method
This research used quantitative research methods with the data in the form of numerical numbers and statistical analysis. Descriptive and relationship/correlation analysis is also used in this research in order to solve as well as answer the problems being studied.

Research Data
The data analyzed in this research were collected by literature study and online research. It was secondary data consist of quantitative data which means that the data can be investigated directly and can be calculated or symbolized numerically in the form of financial statement of PT Industri Jamu and Farmasi Sido Muncul Tbk. period of 2014 – 2018 which obtained from PT

Industri Jamu and Farmasi Sido Muncul Tbk. website and Indonesia Stock Exchange (IDX). '

Research Variable

The variables in this research were the financial performance of PT. Industri Jamu and Farmasi Sido Muncul Tbk.'s consist of liquidity ratio, solvability ratio, activity ratio, profitability ratio, and valuation ratio after the company's Initial Public Offering (2014 – 2018) as the independent variable. While, the dependent variable was profit growth of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering (2014 – 2018).

Data Analysis Technique
Financial Ratio Analysis

Financial ratio analysis was used to analyze the financial performance which was carried out by a horizontal analysis research method to evaluate a series of financial report data of PT Industri Jamu and Farmasi Sido Muncul Tbk. the period of 2014 - 2018, as well as using time-series techniques to compare the financial ratios.

Statistic Descriptive

Statistic descriptive analysis used in order to describe the data analyzed by presenting the table of minimum value, maximum value, mean and deviation standard to see the data distribution. The aim of statistic descriptive is to make a description, description / painting systematically, factually, accurately of the facts, the nature and the relationship between the phenomena investigated (Nazir, 1985 in Darmawan, 2016: 38).

Multiple Linear Regression

To analyze the influence of financial performance toward profit growth, multiple linear regression analysis with classic assumption test by IBM SPSS 25 was used in this research. The classic assumption test was consist of normality test, multicolienarity test, autocorrelation test, linearity test and heterocedasticity test. Regression analysis is used to measure the strength of the relationship between two or more variables and shows the direction of the relationship between the dependent variable and the independent variable which can be seen from the regression model. The accuracy of the sample regression model in estimating the actual value can be measured from the test of the coefficient of determination (R^2), the statistical test F, and the statistical test t.

RESULT AND DISCUSSION
Financial Ratio Analysis

The financial ratio analysis carried out by a horizontal analysis research method to evaluate a series of financial report data with the result as Table 1.

Table 1. Financial Ratio Analysis Result

Description	Mean					Mean
	2014	**2015**	**2016**	**2017**	**2018**	
Current Ratio	10,056	9,732	8,095	8,373	5,274	8,306
Quick Ratio	7,969	6,742	5,957	6,555	4,172	6,279
Debt to Asset Ratio	0,068	0,067	0,079	0,073	0,127	0,083
Debt to Equity Ratio	0,073	0,072	0,086	0,079	0,150	0,092
Operational Income to Liabilities	1,537	1,731	1,666	1,732	1,312	1,596
Total Assets Turnover	0,475	0,507	0,563	0,519	0,508	0,515
Return on Assets	15,506%	16,713%	17,590%	17,026%	19,712%	17,309%
Return on Equity	17,038%	17,914%	19,013%	18,410%	22,035%	18,882%
Net Profit Margin	20,547%	20,775%	19,519%	20,319%	24,712%	21,175%
Earning Per Share	18,170	19,285	20,873	21,623	26,955	21,381

Source: Processed secondary data, 2019

The financial ratio analysis showed that the financial perfomance of PT Industri Jamu and Farmasi Sido Muncul Tbk. after conducted Initial Public Offering period of 2014 – 2018 was in good condition which shown by the high value of each ratio even though fluctuated.

Descriptive Statistic

The mean value of the dependent variable, profit growth was 0,32680 with the lowest value (minimum) was -0,730 and the highest value (maximum) is 1,247. While the standard deviation of the profit growth was 0,607304 which was greater than the mean value.

The independent variable in this research, the Current Ratio has the highest value at 12,361 and the lowest value at 2,662 with the mean value at 8,30570 and a standard deviation of 2,168558 which means that the data has a small distribution and it can be concluded the data used is good data.

The mean value of the variable Debt to Asset Ratio was 0,08290 with the lowest value was 0,053 and the highest value was 0,212. The data has a small distribution because the standard deviation value was smaller than the mean value, which is equal to

0,033981. It can be said that the data was good.

The variable Total Asset Turnover had the lowest value of 0,176 and the highest 0,886. The mean value was 0,51460 with a standard deviation of 0,242209.

The mean value of the Return on Equity variable was 0,18885. The lowest value was 0,158 and the highest value was 0,229. The data variable has a small distribution because the standard deviation value is smaller than the mean, which was equal to 0,021039.

Meanwhile, the lowest value of the last independent variable, Earning per share was 7,900 and the highest value was 44,600. The mean value was 21,38100 with a standard deviation of 10,220435.

Classic Assumption Test
Normality Test

The normality test in this research was conducted using Normal P-Plot graphic analysis and Kolmogorov-Smirnov test. The test showed that the data was normally distribute because the spread of the points in the Normal P-Plot graphic was close to the diagonal line which can be seen from the figure 1.

Figure 1. Normal P-P Plot Result
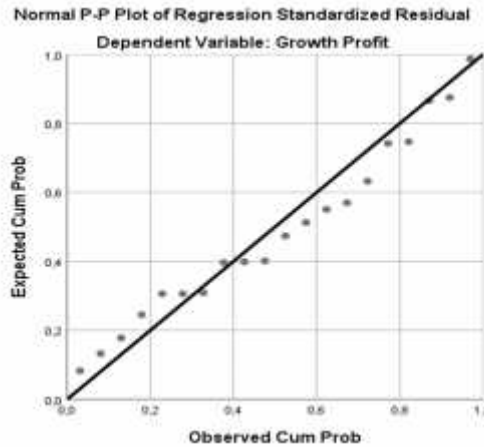
Source : Data Processing Output IBM SPSS Statistics 25, 2019

While the Asymp. Sig. (2-tailed) value of Kolmogorov Smirnov test is 0,200 which is greater than the alpha of 0,05 (0,200 > 0,05). Therefore, it can be concluded that the data in this research are normally distributed according to the graphic and statistic test results.

Table 2. Kolmogorov-Smirnov Test Result

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	20
Asymp. Sig. (2-tailed)	,200[c,d]

Source: Data Processing Output IBM SPSS Statistics 25, 2019

Multicolinearity Test

To detect the presence or absence of multicollinearity in regression of this research, it can be seen from the F_{value} which calculated as Table 3.

Table 3. Multicolinearity Test

Model Summary[b]	
Model	R Square
1	0,527

Source : Data Processing Output IBM SPSS Statistics 25, 2019

$$F_{value} = \frac{0,5 \quad -1}{1-0,5} \; x \; \frac{2 \quad -6}{6-1} = -2,8$$

The result of the F_{value} calculation was -2,8, while, The F_{table} value is 2,96. So, the result of this test is F_{value} is lower than F_{table} (2,8 < 2,96) which can be determined that the regression model doesn't have multicolinearity problem.

Autocorrelation Test

The run test was used in this research to detect the autocorrelation problem with the result as Table 4.

Table 4. Run Test Result

Runs Test	
	Unstandardized Residual
Total Cases	20
Asymp. Sig. (2-tailed)	,491

Source: Data Processing Output IBM SPSS Statistics 25, 2019

The table of run test result showed that the Asymp. Sig. (2-tailed) value is 0,491 which is greater than the alpha of 0,05 (0,491 > 0,05). Therefore, it can be concluded that there was no autocorrelation detected in this data.

Linearity Test

Linearity test in this research was be done using Lagrange Multiplier with the result as Table 5.

Table 5. Linearity Test

| Model Summary^b	
Model	R Square
1	0,527

Source : Data Processing Output IBM SPSS Statistics 25, 2019

The R^2 value of the regression model is 0,527 with the amount of data N = 20, means C^2_{value} = 20 x 0,527 = 10,54. While, The C^2_{table} from df = 20 – 1 = 19, and significance level of 0,05 is 30,144. So, the result of this test is C^2_{value} is lower than C^2_{table} (10,54 < 30,144). Therefore, the model in this research is linear.'

Heterocedasticity Test

To test heterocedasticity can be done by looking at the presence or absence of a particular pattern on the scatterplot graph between the predicted value of the dependent variable (ZPRED) and the residual (SRESID) as Figure 2.

Figure 2. Heterocedasticity Result
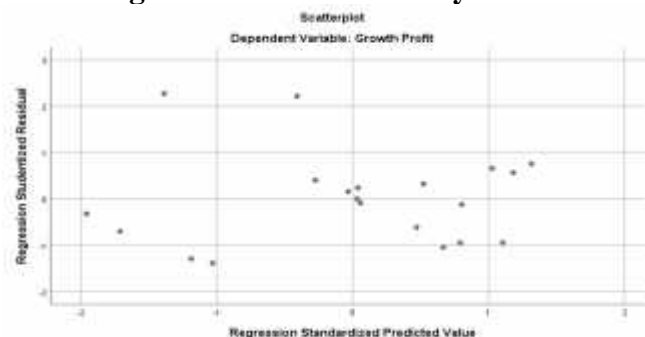
Source : Data Processing Output IBM SPSS Statistics 25, 2019

The scatterplot explains that the point distribution spreaded randomly both above and below the number 0 and did not form a particular pattern. So, it can be concluded that heteroscedasticity did not occur in this analysis.

Multiple Linear Regression Coefficient Determination (R^2)

The coefficient determination of this research is explained by the Adjusted R Square from the output in the table 6.

Tabel 6. Coefficient Determination Result

Model Summary[b]	
Model	Adjusted R Square
1	0,358

Source: Data Processing Output IBM SPSS Statistics 25, 2019

The value of Adjusted R Square was 0.358 which means 35.8% of the dependent variable (Profit Growth) can be explained by the independent variables (Current Ratio, Debt to Asset Ratio, Total Asset Turnover, Return on Equity, Earning per Share). Meanwhile the rest 64.2% of dependent variable can be explained by another independent variable which is not include in this regression model.

Simultaneous Test (F Test)

Based on the table F test result, it can be seen that the significance value was 0,042 or less than 0,05 which can be determined that the liquidity ratio, solvability ratio, activity ratio, profitability ratio, and valuation ratio of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering (IPO) simultaneously is give significant influence on profit growth.

Table 7. F Test Result

	ANOVA[a]				
Model		Sum of Squares	df	F	Sig.
1	Regression	3,694	5	3,121	,042[b]
	Residual	3,314	14		
	Total	7,008	19		

Source: Data Processing Output IBM SPSS Statistics 25, 2019

Partial test (T-test)

The result of partial test (T-test) by multiple regression analysis are as Table 8. The variable of current ratio had significance value of 0,646 whereas higher than the significance level value of 0,05 hence it can be concluded that the independent variable of current ratio was not significantly influence on profit growth.

Table 8. T Test Result

	Coefficients[a]				
Model		B	Std. Error	t	Sig.
1	(Constant)	-,948	4,330	-,219	,830
	Current Ratio	,105	,224	,469	,646
	Debt to Asset	6,776	9,675	,700	,495
	Total_Asset_Turnover	2,038	,676	3,016	,009
	Return on Equity	17,056	12,992	1,313	,210
	Earning Per Share	-,082	,033	-2,512	,025

Source: Data Processing Output IBM SPSS Statistics 25, 2019

The value of significance for debt to asset was 0.495 which was higher than 0.05 means that the independent variable of debt to asset was not significantly influence on profit growth.

The variable of total asset turnover had significance value of 0,009 which lower than the significance level value of 0,05. Therefore, It implied that total asset turnover significantly influence the profit growth partially.

The variable of current ratio had significance value of 0,210 which higher than the significance level value of 0,05 means that that return on equity was no significantly influence the profit growth partially.

The value of significance for debt to asset was 0.025 which was lower than 0.05. So, the independent variable of earning per share was significantly influence on profit growth.

Regression Model

The result of   Multiple Regression analysis conducted in IBM SPSS Statistic 25 was as Table 9.

Table 9. Regression Model Test Result

Coefficients^a				
Model	B	Std. Error	t	Sig.
1 (Constant)	-,948	4,330	-,219	,830
Current Ratio	,105	,224	,469	,646
Debt to Asset	6,776	9,675	,700	,495
Total_Asset_Turnover	2,038	,676	3,016	,009
Return on Equity	17,056	12,992	1,313	,210
Earning Per Share	-,082	,033	-2,512	,025

Source: Data Processing Output IBM SPSS Statistics 25, 2019

Based on the table 9, the multiple regression equation model in this research was as follows:

$$Y = -0{,}948 + 0{,}105X_1 + 6{,}776X_2 + 2{,}038X_3 + 17{,}056X_4 – 0{,}082X_5$$

The constant value of -0,948 indicates that if the value of current ratio, debt to asset ratio, total asset turnover, return on equity and earning per share are zero, the value of profit growth will be -0,948.

The regression coefficient of current ratio ($X1$) was 0,105 means that every increase in current ratio value will be followed by a increase in profit growth value by 0,105 with cateris paribus assumption. Meanwhile, the regression coefficient of debt to asset ratio ($X2$) was 6,776 which means that each increase of debt to asset ratio value will increased the profit growth value by 6,776 with cateris paribus assumption. The regression coefficient of total asset turnover ($X3$) was 2,038 which means that every increase of total asset turnover value will increased the value of profit growth by 2,038 with cateris paribus assumption. The independent variable of return on equity ($X4$) had regression coefficient of 17,056 which means an increase of the return on equity value by 1 will increase the value of the profit growth by 17,056 with cateris paribus assumption. On the other hand, the regression coefficient of of earning per share ($X5$) was –0,082 means that each increase by value of earning per share will decrease the profit growth value by 0,082 with cateris paribus assumption.

Discussion

Based on the testing of the influence of PT Industri Jamu and Farmasi Sido Muncul Tbk. financial performance toward the profit growth with multiple linear regression, it can be obtained that 35.8% of the dependent variable can be explained by the independent variables. Meanwhile the rest 64.2% of dependent variable can be explained by another independent variable which is not in this regression model.

The variable of current ratio has a positive insignificant influence on profit growth of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering. These results support the research carried out by Tri Hastuti Pamungkass et al. (2018) that the current ratio has a positive effect on profit growth. This matter possibility occurs because the funds in the company have been used up to pay their short-term obligations so that profits will decrease and profit growth will decrease.

The variable of debt to asset ratio partially give positive insignificant influence on profit growth of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial

Public Offering. This are consistent with the research conducted by Ima Indriyani (2015) that the variable of debt to asset ratio had a positive relationship and not significantly influence on profit growth. The reduced ability of companies to increase productivity due to a lack of financing of assets will greatly disrupt the running of companies that can decrease the income levels and profit growth.

The variable of total asset turnover has a positive and significant influence on the profit growth of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering. The results of this research support the results of research conducted by Putriana (2016) which stated that total asset turnover had a positive and significant influence on earnings growth. Total asset turnover shows the level of efficiency of the company in using current assets and fixed assets to support sales activities. The faster the turnover of assets, the greater the income earned so that the profit growth will increase increases.

The variable of return on equity has a positive insignificant influence on profit growth of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering. This result was in line with the research conducted by Khaldun et al. (2014) that partially return on equity has a significant influence on profit growth and had a positive relationship. The high return on equity shows that the company is able to manage total equity well so the company generates high income that increase profit growth.

The variable of earning per share has a negative and significantly influence the profit growth of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering. This is due to if the percentage increase in profits is lower than the percentage increase in the number of shares, the earnings per share will decrease, even though the company has a higher profit.

F-test result showed that the liquidity ratio, solvability ratio, activity ratio, profitability ratio, and valuation ratio of PT Industri Jamu and Farmasi Sido Muncul Tbk. after the Initial Public Offering (IPO) influence simultaneously on profit growth.

CONCLUSION AND SUGGESTION
Conclusion

The conclusion from the research based on the financial performance analysis are that overall, the financial performance of PT Industri Jamu and Farmasi Sido muncul Tbk. after conducted an Initial Public Offering (IPO) was fluctuated but still in a good condition. A significant decrease occurred in the current ratio, quick ratio, and operating income to liabilities ratio. This was due to a significant increase in the number of liabilities in 2018. While, in general, the other financial ratios was increased. Besides, the value of total asset turnover was very low means that an the total assets have not been fully utilized to create sales.

While the conclusion based on the multiple linear regression are that activity ratio (total asset turn over) and valuation ratio (earning per share) partially give significant influence on profit growth. In other hand, the variables of liquidity ratio (current ratio), solvability ratio (debt to asset ratio), and profitability ratio (return on equity) partially did not give significant influence on the profit growth. The variable of total asset turnover has a positive and significant influence on profit growth. The result revealed that every increase of total asset turnover value will increase the value of profit growth by 2,038 with the cateris paribus assumption. The variable of earning per share has a negative and significantly influences the profit growth. The result proved that each increase by the value of earning per share will decrease the profit growth value by 0,082 with the cateris paribus assumption.

Simultaneously the variables of liquidity ratio (current ratio), solvability ratio (debt to asset ratio), activity ratio (total asset turnover), profitability ratio (return on equity), and valuation ratio (earning per

share) influence on profit growth. Change in profit growth 35.8% can be explained by Current Ratio, Debt to Asset Ratio, Total Asset Turnover, Return on Equity, Earning per Share. Meanwhile, the rest 64.2% of profit growth change can be explained by another variable which is not included in research.

Recommendation

Based on the results of the analysis, it is recommended for PT Industri Jamu and Farmasi Sido Muncul Tbk. to optimize the utilization of the company's total assets to generate higher sales or revenues. This optimization can be done by maximizing the use of production facilities especially those that have just been built so that it becomes more useful and can generate more profit. If total assets have been utilized properly, then the total asset turnover is higher which will have an impact on the increase of profit growth. Moreover, to increase profits the company can reduce costs through the target costing method to design products with the lowest possible costs and operational control methods to increase productivity.

To support the market expansion plans both at home and abroad, it is recommended for the company to add more production facilities which means that more investors are needed to facilitate so that the plan can be realized. On the other hand, to improve the financial performance of the company, it is necessary to balance the increase in liabilities with total assets, capital and income so as to create financial health.

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