

Profitability Ratio Analysis to Measure the Financial Performance of Food and Beverage Companies for the Period of 2020 – 2023

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ABSTRACT

Objective: This study aims to evaluate the financial performance of companies in the food and beverage sector during the period 2020–2023 by analyzing the profitability ratio.

Design/Methodology/Approach: This study applies a Descriptive Quantitative method. The study population included nine companies, while sample selection was conducted using purposive sampling techniques based on specific criteria. Data is obtained from financial statements available on www.idx.co.id website.

Findings: Providing guidelines for companies in improving financial performance through profitability analysis

Limitations/ Implications of the study: This study reinforces the theory that financial ratios, especially profitability ratios, play a role as the main indicator in assessing a company's financial stability and performance. In addition, this study also enriches academic insights on various factors that affect profitability in the food and beverage industry sector.

Practical Implications: Can use the results of profitability ratio analysis to assess operational efficiency and determine profit increase strategies.

Originality/ Value: This paper is original

Paper Type: Research Paper

Keyword: Profitability Ratio, Financial Performance, Food and Beverage

Received: November 13th

Revised: February 18th

Published: March 31th

I. INTRODUCTION

Financial evaluation is an important element in determining the stability of a company, especially in the food and beverage sector which is colored by fierce competition and fluctuating market dynamics. The industry is faced with various challenges, such as volatile raw material prices, changing consumer preferences, and pressures from regulations and competitors. Therefore, an analysis method is needed that is able to assess the effectiveness of the company in obtaining profits in a sustainable manner. One oft-used approach is financial ratio analysis, which includes a variety of indicators to measure profitability, liquidity, and solvency. Among these various ratios, the profitability ratio is the main focus because it shows the extent to which a company can optimize its assets, equity, and income to generate profits.

Profitability ratios, such as Return on Assets (ROA), Return on Equity (ROE), Gross Profit Margin, and Net Profit Margin, play an important role in assessing the effectiveness of a company's operations and business strategy. By analyzing these ratios, managers, investors, and stakeholders can assess whether companies in the food and beverage sector have stable financial performance, are able to compete in the market, and have the potential to grow in the long term. In addition, the profitability ratio is a valuable tool in the business decision-making process, allowing companies to identify the factors that affect profitability and formulate strategies to improve operational efficiency and competitiveness. From an academic perspective, profitability ratio analysis is

also an important instrument in financial research to examine trends and patterns that occur in a particular industry. Given its significance, this study focuses on evaluating the profitability ratio in measuring the financial performance of food and beverage companies and providing insights for management in managing financial resources optimally to achieve sustainable growth.

Profitability in the food and beverage industry in Indonesia is faced with various major challenges, reflected in financial ratios such as ROA, ROE, NPM, and GPM. Several companies experienced a significant decrease in profit, such as PT Wahana Interfood Nusantara Tbk which changed from a profit of IDR 6.26 billion to a loss of IDR 53.69 billion (-756.98%) and PT Sarimelati Tbk with a decrease of -1080.57%. On the other hand, PT Indofood Sukses Makmur Tbk experienced an increase in profit by 25.03%. Study by (Natasha & Aulia, 2024) regarding the "Analysis of the Profitability Ratio to Financial Performance at Khalista Laundry Medan" shows an average profitability of 0.52%, which is still below the MSME standard.

Table 1 Food And Beverage Company Net Profit

NO	Company name (Indonesia)	Net Profit			
				year	
			2022		2023
1	PT Sarimelati Kencana Tbk	Rp	8.150.707.052	-Rp	96.224.827.283
2	Unilever Indonesia Tbk	Rp	5.512.937	Rp	4.496.082
3	Indofood Sukses Makmur Tbk	Rp	9.192.569	Rp	11.493.733
4	PT Wahana Interfood Nusantara Tbk.	Rp	6.265.059.993	-Rp	53.690.020.918
5	PT Diamond Food Indonesia Tbk.	Rp	391.814	Rp	420.326
6	PT Fast Food Indonesia Tbk	-Rp	56.460.548	-Rp	351.850.520
7	PT Sentra Food Indonesia Tbk.	-Rp	22.085.241.136	-Rp	20.207.914.387
8	PT Nippon Indosari Corpindo Tbk	Rp	430.297.577.174	Rp	319.952.649.903
9	PT Wilmar Cahaya Indonesia Tbk.	Rp	221.939.421.913	Rp	151.679.176.045
10	Delta Djakarta Tbk	Rp	230.799.563	Rp	193.852.586

Azhar Cholil (2021) In its study "Analysis of Liquidity and Profitability Ratios to Assess the Financial Performance of PT Berlina Tbk in 2014-2019" found that PT Berlina Tbk's profitability tends to decline due to increased operating costs, even though profits have increased. In contrast, PT Adhi Karya Tbk showed increased profitability and capital efficiency in 2021–2023, with an increase in NPM, ROI, and ROE reflecting more effective management of operational and investment costs (Hasnita, 2021). According to Darwis et al. (2022) In "Using Profitability Ratio Analysis," the profitability of mining companies on the IDX is assessed through profit margins and asset returns. This study also evaluates the profitability of food and beverage sector companies listed on the Indonesian stock market in the 2020–2023 period to assess the extent to which they are able to profit from the revenue generated. This study aims to further examine empirical findings related to financial ratios, especially those focusing on the profitability of Food and Beverage companies. The selection of profitability as the focus of the research is based on its important role in describing a company's ability to generate profits.

A. Theoretical Studies

1. Financial Statements

Squirt Hery (2015: 3) Financial statements are the final result of the recording process and summary of business transactions. As an output of the accounting system, this report acts as a medium of communication of financial information and company activities to interested parties. Its existence is crucial in supporting economic and business decision-making. In addition to reflecting the financial condition of a company, financial statements also function as indicators to assess the company's overall performance.

2. Profitability Ratio

The profitability ratio is an instrument used to assess the extent to which a company is able to profit from various sources, such as sales, assets, and equity. This analysis provides a clear picture of the company's effectiveness in generating profits and increasing its business value. The profitability ratio has a crucial role in evaluating financial performance, as it can reveal the efficiency of resource management and the company's ability to make profits. According to suad husnan (2015) The profitability level of sales can vary depending on the type of business. For example, stores that sell furniture or shoes tend to take larger profit margins compared to businesses that sell products like cigarettes or instant noodles. By comparing the profitability ratios between companies in the same industry, companies can assess their competitive position in generating profits. In addition, this ratio analysis also allows companies to observe financial performance trends over time, so as to evaluate whether the strategies implemented have succeeded in increasing their profitability. Thus, the profitability ratio is a very important tool in analyzing a company's financial performance and making strategic decisions to improve the company's ability to generate profits. Profitability Ratio describes a company's ability to generate profits relatively quickly. Relative here means that profit is not measured by its absolute magnitude, but compared with other elements or benchmarks, because the acquisition of a large profit does not necessarily describe the ability to profit that is also large (Kuswadi, 2006: 5). Financial ratios can be measured in several ways, including:

Gross Margin Ratio is an instrument used to assess the extent to which a company is able to profit from sales. By calculating the ratio between gross profit and total sales, this ratio provides an idea of the company's effectiveness in making a profit from its sales activities.

1. Return on Asset (ROA) Ratio

This ratio is used to assess how effective a company is at making a profit from the assets it owns. The calculation is done by dividing net profit by total assets, so as to reflect the efficiency of asset utilization in creating profits.

2. Return on Equity (ROE) Ratio

It is used to evaluate the extent to which a company is able to generate profits from the capital owned by shareholders. This ratio is obtained by comparing net income to total equity, providing insight into the level of profitability based on own capital)

3. Net Profit to Sales Ratio (Net Profit Margin)

Shows how much net profit the company can earn from the total revenue generated. This ratio is calculated by dividing net profit by total sales, thus reflecting the company's effectiveness in converting revenue into profit.

4. Gross Profit Margin Ratio

Gross is an indicator that measures the efficiency of a company in generating gross profit from net sales. This ratio shows the percentage of profit earned after deducting direct production costs, such as raw materials and labor, giving an idea of the company's operational effectiveness.

3. Financial Performance

Financial performance is the process of determining certain indicators that are used to measure the extent to which a company is successful in making profits. Financial statements play a role in presenting information related to financial conditions, operational performance, and changes in the company's finances, which can be used by various parties in making economic decisions. Analysis of financial performance is very necessary to assess and evaluate the company's success rate based on the financial activities that have been carried out. Performance or performance can be interpreted as a measure of the achievement of a program, policy, or activity in achieving the goals, vision, and mission of the organization as designed in strategic planning. Financial information, both historical and current data, has been documented in the finance section, so that performance evaluation from the financial side can be carried out more easily (suhardi, Supriyati, 2022: 185). The overview of the company's financial performance can be seen through financial statements that contain various financial data that reflect the company's operational activities in managing resources to obtain profits effectively and efficiently.

II. METHODS

A. Types of Research

This type of research uses a descriptive method that aims to provide a systematic overview of providing an in-depth picture of the content or characteristics of a variable in the research. This research focuses on the systematic presentation of data or information without involving testing of specific hypotheses. This research uses a quantitative method, which is based on the philosophy of post positivism. According to Sugiyono (2016 : 26) Quantitative methods are research approaches that are applied to certain populations or samples to obtain measurable and objective data, sampling techniques are generally carried out randomly, data collection using research instruments, data analysis is quantitative/statistical with the aim of testing the hypothesis that has been set.

B. Population and Sample

1. Population

According to Sugiyono (2016 : 136) Population refers to the whole object or subject with certain characteristics and qualities that are used as the focus of research to be analyzed and concluded. In this study, the population used includes manufacturing companies, particularly in the food and beverage industry sector, which consists of nine companies listed on the Indonesia Stock Exchange in the 2020-2023 period.

2. Sample

According to Sugiyono (2016: 137), a sample is a part of a population that has certain characteristics. In this study, the sampling technique used is Purposive Sampling, which is a method of selecting samples based on certain considerations. The sample selected in this study was determined based on the following criteria:

1. Companies in the *Food and Beverage* sector listed on the Indonesia Stock Exchange in the 2020-2023 period.
2. Companies in the *Food and Beverage* sector that experienced fluctuations in their net profit in the period of 2020 - 2023
3. The company experienced a decline in the company's profit in the 2020-2023 period. This condition is set because with a decrease in profit, it indicates that buyer interest decreases and results in deteriorating financial performance.
4. Companies in the Food and Beverage sector that recorded losses during the 2020–2023 period.

Referring to the criteria that have been set, the number of suitable business entities is as follows:

Table 2 Sample Selection Results, Processed Secondary Data 2025

No.	Information	Accepted	Rejected
1.	<i>Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2020-2023</i>	30	
2.	<i>Companies that do not experience fluctuations</i>		7
3.	<i>Companies that do not experience a decline in profits</i>		9
4.	<i>Companies that do not suffer losses</i>		5
<i>Number of Data Samples</i>		9	

Based on the table presented, it can be seen that this study uses 9 companies as a sample with a time span of 4 consecutive years. Thus, the calculation of the total research sample is 4 years × 9 companies = 36 samples. The selection of this sample was carried out because all of them met the criteria that had been set according to the needs of the analysis. The following is a list of food and beverage sector companies that are the object of research.

Table 3 Food And Beverage Company Sample List Table Year 2020-2023

No.	Company Name	Company code	Listing Date
1.	PT Sarimelati Kencana Tbk	PZZA	23 May 2018
2.	PT. Unilever Indonesia Tbk	UNVR	19th January 1982
3.	PT Wahana Interfood Nusantara Tbk	COCO	March 20, 2019
4.	PT Diamond Food Indonesia Tbk	DMND	22 January 2020
5.	PT Fast Food Indonesia Tbk	FAST	11 May 1993
6.	PT Sentra Food Indonesia Tbk	FOOD	8 January 2019
7.	PT Nippon Indosari Corpindo Tbk	ROTI	28 June 2010
8.	PT Wilmar Cahaya Indonesia Tbk.	CEKA	9 July 1996
9.	PT Delta Djakarta Tbk	DLTA	30th January 1989

Source : www.idx.co.id (data has been processed, 2025)

This research utilizes secondary data, namely information obtained from other sources or written documents (Sugiyono, 2016:219). The data analyzed is in the form of financial statements of food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2023 period. The data is obtained through the official website www.idx.co.id with a primary focus on the profitability aspect. The approach applied is a descriptive quantitative analysis, which aims to objectively describe the profitability ratio without intervention. This method is used to evaluate the development of operating profit in the 2020–2023 period. According to Mamduh M. Hanafi (42; 2018) The analysis methods applied in this research study include:

- Return on Equity (ROE)

$$ROE = \frac{\text{Net Income}}{\text{Equity}} \times 100\%$$
- Return on Asset (ROA)

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$
- Net Profit Margin (NPM)

$$NPM = \frac{\text{Net Income}}{\text{Revenue}} \times 100\%$$
- Gross Profit Margin (GPM)

$$GPM = \frac{\text{Gross Profit}}{\text{Revenue}} \times 100\%$$

According to Parlina et al. (2023) The standard for each ratio is:

Ratio	Book Standards	Output
ROE	>30%	Good
ROA	>20%	Good
NPM	>20%	Good
GPM	>30%	Good

This study analyzes profitability ratios to assess management's effectiveness in generating profits. The indicators used include return on equity (ROE), return on investment (ROI), net profit margin (NPM), and gross profit margin (GPM).

III. RESULTS AND DISCUSSION

A. Results

The following is an overview of the financial statement data used to calculate the profitability ratio of food and beverage companies listed on the Indonesia Stock Exchange in the 2020-2023 period.

Table 4 Summary of Financial Statement Data of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange for the 2020–2023 period.

<i>(Expressed in Billion Rupiah)</i>					
<i>PT Sarimelati Kencana Tbk</i>					
<i>Year</i>	<i>Sales</i>	<i>Net Profit</i>	<i>Gross Profit</i>	<i>Total equity</i>	<i>Total Assets</i>
<i>2020</i>	<i>3.458</i>	<i>-92</i>	<i>2.263</i>	<i>1.150</i>	<i>2.231</i>
<i>2021</i>	<i>3.419</i>	<i>81</i>	<i>2.249</i>	<i>1.165</i>	<i>2.216</i>
<i>2022</i>	<i>3.612</i>	<i>8</i>	<i>2.429</i>	<i>1.173</i>	<i>2.510</i>
<i>2023</i>	<i>3.544</i>	<i>-96</i>	<i>2.360</i>	<i>1.076</i>	<i>2.347</i>
<i>PT. Unilever Indonesia Tbk</i>					
<i>2020</i>	<i>42.972</i>	<i>7.057</i>	<i>22.457</i>	<i>4.937</i>	<i>20.535</i>
<i>2021</i>	<i>39.546</i>	<i>5.717</i>	<i>19.626</i>	<i>4.321</i>	<i>19.069</i>
<i>2022</i>	<i>41.219</i>	<i>5.513</i>	<i>19.065</i>	<i>3.997</i>	<i>18.318</i>
<i>2023</i>	<i>38.611</i>	<i>4.496</i>	<i>19.195</i>	<i>3.381</i>	<i>16.664</i>
<i>PT Wahana Interfood Nusantara Tbk</i>					
<i>2020</i>	<i>171</i>	<i>28</i>	<i>28</i>	<i>112</i>	<i>264</i>
<i>2021</i>	<i>224</i>	<i>36</i>	<i>38</i>	<i>219</i>	<i>371</i>
<i>2022</i>	<i>290</i>	<i>6</i>	<i>-233</i>	<i>204</i>	<i>485</i>
<i>2023</i>	<i>171</i>	<i>-54</i>	<i>-158</i>	<i>151</i>	<i>529</i>
<i>PT Diamond Food Indonesia Tbk</i>					

2020	6.110	269	1.319	4.656	5.681
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2021	6.974	364	1.477	5.019	6.297
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2022	8.462	392	1.780	5.411	6.878
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2023	9.240	420	2.027	5.382	7.167
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PT Fast Food Indonesia Tbk

2020	4.840	-410	2.869	1.247	3.727
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2021	4.841	-327	2.936	919	3.557
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2022	5.857	-56	3.665	1.061	3.822
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2023	5.935	-352	3.665	724	3.911
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PT Sentra Food Indonesia Tbk

2020	95	-18	35	56	113
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2021	92	-13	29	44	106
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2022	87	-22	18	42	102
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2023	78	-20	14	21	51
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PT Nippon Indosari Corpindo Tbk

2020	3.212	145	1.802	3.228	4.452
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2021	3.288	292	1.786	2.849	4.191
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2022	3.935	430	2.086	2.681	4.131
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2023	3.821	320	2.065	2.393	3.944
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PT Wilmar Cahaya Indonesia Tbk.

2020	3.634	189	335	1.261	1.567
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2021	5.359	186	362	1.387	1.697
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2022	6.144	222	422	1.550	1.718
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2023	6.337	152	389	1.642	1.894
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PT Delta Jakarta Tbk

2020	546	119	367	1.016	1.226
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2021	681	190	477	1.007	1.309
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2022	779	231	543	1.001	1.307
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2023	737	194	513	934	1.208
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Source: www.idx.co.id

1. ROE

ROE (Return on Equity) is an indicator used to assess a company's ability to generate net profit compared to the total equity that has been invested by the owner or investor. In the stock market, ROE indicates how effectively a company manages investor funds to generate profits. This indicator is important in assessing a company's financial performance (Buddy Setianto, 2024 : 17). According to (Dr. Mamduh M. Hanafi, 2018: 42) The ROE formula is as follows:

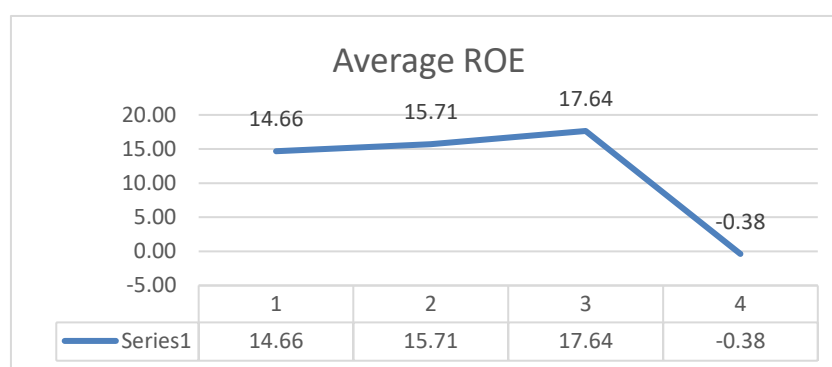
$$ROE = \frac{\text{Net Income}}{\text{Equity}} \times 100\%$$

According to Parlina et al. (2023) The standard ROE ratio is >30% and is declared good. The ROE formula is as follows:

Table 5 ROE Calculation Results

Company Name	ROE			
	Year			
	2020	2021	2022	2023
<i>PT Sarimelati Kencana Tbk</i>	-8,03 %	6,91 %	0,69 %	-8,94 %
<i>PT. Unilever Indonesia Tbk</i>	142,92 %	132,29 %	137,92 %	132,97 %
<i>PT Wahana Interfood Nusantara Tbk</i>	24,67 %	16,60 %	3,07 %	-35,65 %
<i>PT Diamond Food Indonesia Tbk</i>	5,77 %	7,25 %	22,01 %	7,81 %
<i>PT Fast Food Indonesia Tbk</i>	-32,86 %	-35,63 %	-5,32 %	-48,61 %
<i>PT Sentra Food Indonesia Tbk</i>	-31,67 %	-28,58 %	-53,01 %	-94,31 %
<i>PT Nippon Indosari Corpindo Tbk</i>	4,51 %	10,25 %	16,05 %	13,37 %
<i>PT Wilmar Cahaya Indonesia Tbk.</i>	14,99 %	13,42 %	14,32 %	9,24 %
<i>PT Delta Jakarta Tbk</i>	11,63 %	18,85 %	23,06 %	20,75 %

The Food and Beverage sector on the Indonesia Stock Exchange (IDX) faces challenges in maintaining profitability, which is measured through Return on Equity (ROE). Several companies, such as PT Fast Food Indonesia Tbk, recorded negative ROE of -32.86% (2020) and -35.63% (2021), reflecting suboptimal capital management due to low sales or high operating costs. On the other hand, PT Unilever Tbk showed a strong performance with a high ROE of 142.92%, indicating its effectiveness in managing investor capital. Despite the fluctuations in the sector, Unilever still maintained a high ROE of 132.29% (2021), rising to 132.97% (2023). Meanwhile, PT Sentra Food Indonesia Tbk experienced a drastic decline, with ROE of -52.01% (2022) and -94.31% (2023), indicating the need for reforms in capital and operational strategies. Companies with low ROE must evaluate their business strategies to increase profitability, while PT Unilever Tbk needs to continue to innovate and improve efficiency to maintain stability and competitiveness. The following is a diagram showing the average Return on Equity (ROE) of companies in the Food and Beverage sector listed on the Indonesia Stock Exchange during the 2020–2023 period:



Year	Average ROE	Book Standards	Output
2020	14,66 %	ROE>30%	Not Good
2021	15,71 %	ROE>30%	Not Good
2022	17,64 %	ROE>30%	Not Good
2023	-0,38 %	ROE>30%	Not Good

Average Return on Equity (ROE) in the food and beverage industry listed on the Indonesia Stock Exchange (IDX) 2020–2023 shows less than optimal performance, with a consistent figure below 30%. In 2020, the average ROE was only 14.66%, indicating that capital management has not been maximized. Although it has increased to 15.71% (2021) and 17.64% (2022), this figure is still far from the expected profitability standard. However, in 2023, this sector actually experienced a drastic decline with an average negative ROE of -0.38%, indicating difficulties in capital and operational management. The low ROE over the past four years reflects the challenges of financial efficiency. To increase profitability and competitiveness, companies need to focus on operational efficiency, product innovation, and cost management.

2. ROA

The rate of return on assets (ROA) is a profitability metric used to assess how efficient a company is in earning a profit from the overall assets it owns and uses in operations. This study focuses on ROA because this ratio acts as an analytical tool in evaluating the extent to which a company is able to manage the investments allocated to its assets to obtain profits (Dr. Leni Hartati, S.Sos., MM, CRP, CPF, 2024 : 183). With the formula presented by (Dr. Mamduh M. Hanafi, 2018: 42) as follows:

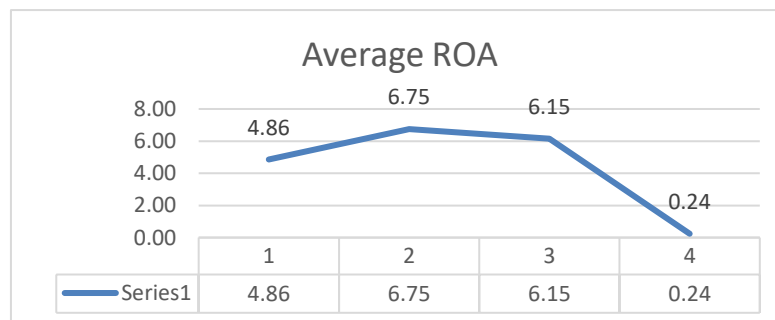
$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

According to Parlina et al. (2023) The standard ROA ratio of >20% is declared good. With the formula above, the results are as follows:

Table 6 ROA Calculation Results

ROA				
Company Name	Year			
	2020	2021	2022	2023
PT Sarimelati Kencana Tbk	-4,14 %	3,63 %	0,32 %	-4,10 %
PT. Unilever Indonesia Tbk	34,36 %	29,98 %	30,10 %	26,98 %
PT Wahana Interfood Nusantara Tbk	10,48 %	9,80 %	1,29 %	-10,15 %
PT Diamond Food Indonesia Tbk	4,73 %	5,78 %	5,70 %	5,86 %
PT Fast Food Indonesia Tbk	-10,99 %	-9,21 %	-1,48 %	-9,00 %
PT Sentra Food Indonesia Tbk	-15,73 %	-11,74 %	-21,59 %	-39,63 %
PT Nippon Indosari Corpindo Tbk	3,27 %	6,97 %	10,42 %	8,11 %
PT Wilmar Cahaya Indonesia Tbk.	12,06 %	10,97 %	12,92 %	8,01 %
PT Delta Djakarta Tbk	9,68 %	14,55 %	17,66 %	16,05 %

The average Return on Assets (ROA) of companies in the Food and Beverage sector listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023 is far below the standard ratio, which is more than 20%. In 2020, PT Sentra Food Indonesia recorded a ROA of -15.73%, which was below standard, indicating the company's suboptimal asset management. On the other hand, PT Unilever Indonesia Tbk showed good performance with an ROA of 34.46%, reflecting the efficiency of asset management that yielded optimal profits. However, in 2021 and 2022, PT Sentra Food Indonesia continued to experience significant declines, with ROA reaching -21.59% in 2022, indicating major problems in its asset management strategy. On the other hand, PT Unilever Indonesia Tbk still maintains an above-standard ROA, even though it had fluctuated. Unilever's consistent performance demonstrates its ability to maintain asset management efficiency amid market challenges. In 2023, PT Sentra Food Indonesia recorded an ROA of -39.63%, confirming the existence of serious problems in asset management. On the other hand, PT Unilever Indonesia Tbk still recorded an ROA of 26.98%, although it decreased compared to the previous year. Overall, the average performance of this sector presents a major challenge in achieving asset management efficiency. In-depth evaluation is needed to improve operational efficiency, cost control, and product innovation so that the sector can improve its performance in the future. The following is a diagram of the average Return on Assets (ROA) achievements of Food and Beverage businesses listed on the Indonesia Stock Exchange during the 2020–2023 period:



Year	Average ROA	Book Standards	Output
2020	4,86 %	ROA>20%	Not Good
2021	6,75 %	ROA>20%	Not Good
2022	6,15 %	ROA>20%	Not Good
2023	0,24 %	ROA>20%	Not Good

Based on the Company's average Return on Assets (ROA) data for the period 2020 to 2023, the sector faces difficulties in maximizing assets to achieve a profit level that meets the standard of more than 20%. In 2020, the ROA only reached 4.86%, which reflects less than optimal asset management. Some of the factors that cause this low profitability include poor operational efficiency, high operational costs, and insufficient revenue. In 2021, the ROA increased slightly to 6.75%, indicating an improvement in asset management. However, this value is still below the desired standard, indicating that the improvement measures have not been significant enough to achieve the ideal level of profitability. In 2022, ROA continued to decline to 6.15%, indicating from the previous year, reflecting the major challenges in maintaining profitability, indicating the presence of obstacles hindering the optimal efficiency of asset utilization. In 2023, ROA fell dramatically to 0.24%, from the previous year, reflecting the major challenge in maintaining profit levels. The decline in Return on Assets (ROA) is influenced by external aspects such as the economy and market instability. Despite improvements, the average ROA is still substandard. Companies need to focus on operational efficiency, cost control, and business strategy innovation to increase profitability.

3. NPM

Net profit margin serves to determine the extent of profit generated from each sales transaction, providing an overview of the profit received by shareholders in the form of a percentage of total sales. (Fauziyah, Ana, 2022: 21). According to (Dr. Mamduh M. Hanafi, 2018: 42) The NPM formula is as follows:

$$NPM = \frac{\text{Net Income}}{\text{Revenue}} \times 100\%$$

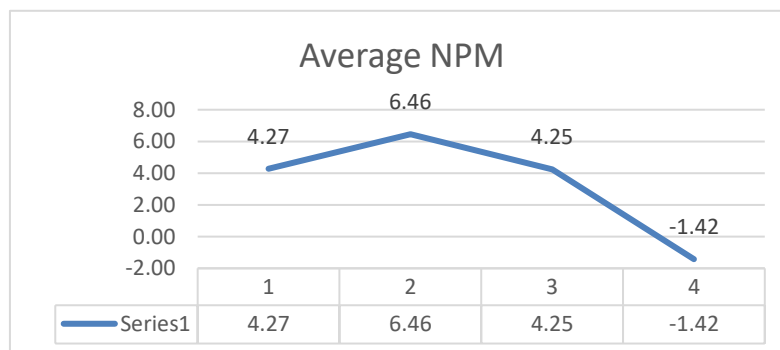
According to Parlina et al. (2023) The NPM ratio standard >20% is declared good. With the formula above, the results are as follows:

Table 7 NPM Calculation Results

Company Name	NPM			
	Year			
	2020	2021	2022	2023
PT Sarimelati Kencana Tbk	-2,67 %	2,36 %	0,23 %	-2,72 %
PT. Unilever Indonesia Tbk	16,42 %	14,46 %	13,37 %	11,64 %
PT Wahana Interfood Nusantara Tbk	16,17 %	16,19 %	2,16 %	-31,39 %
PT Diamond Food Indonesia Tbk	4,40 %	5,22 %	4,63 %	4,55 %
PT Fast Food Indonesia Tbk	-8,46 %	-6,77 %	-0,96 %	-5,93 %

<i>PT Sentra Food Indonesia Tbk</i>	-18,83 %	-13,65 %	-25,38 %	-26,04 %
<i>PT Nippon Indosari Corpindo Tbk</i>	4,53 %	8,88 %	10,93 %	8,37 %
<i>PT Wilmar Cahaya Indonesia Tbk.</i>	5,20 %	3,47 %	3,61 %	2,39 %
<i>PT Delta Djakarta Tbk</i>	21,71 %	27,96 %	29,64 %	26,31 %

Based on the results of data analysis, the majority of businesses in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) show minimal profit levels, where most entities have difficulty optimizing profits from their sales. In 2020, PT Sentra Food Indonesia Tbk posted the lowest Net Profit Margin (NPM) of -18.83%, indicating the company's difficulty in generating sufficient profits. On the other hand, PT Delta Djakarta Tbk managed to record an excellent NPM of 21.71%, indicating effective sales management and capital optimization. In 2021, despite a slight improvement in some companies, PT Sentra Food Indonesia Tbk experienced a decrease in NPM to only -13.65%, indicating difficulties in obtaining optimal profits. On the other hand, PT Delta Djakarta Tbk managed to maintain excellent performance with an NPM of 27.96%, an increase from the previous year, demonstrating the company's ability to improve operational efficiency. In 2022, PT Sentra Food Indonesia Tbk experienced a decrease in NPM to -25.38%, while PT Delta Djakarta Tbk again showed a solid performance with an NPM of 29.64%. In 2023, PT Wahana Interfood Nusantara Tbk experienced a decrease in NPM to -31.39%, while PT Delta Djakarta Tbk of 26.31% although it was a small but able to show the company's ability to improve operational efficiency. Overall, although some companies such as PT Delta Djakarta Tbk showed good financial performance, many other companies still faced major challenges in achieving adequate profitability. The persistent decline in the NPM of some companies demonstrates the importance of evaluating operational and managerial strategies to improve cost efficiency and competitiveness in the market. The following is a graph of the average Net Profit Margin (NPM) of food and beverage businesses listed on the Indonesia Stock Exchange from 2020 to 2023:



<i>Year</i>	<i>Average NPM</i>	<i>Book Standards</i>	<i>Output</i>
2020	4,27 %	NPM>20%	Not Good
2021	6,46 %	NPM>20%	Not Good
2022	4,25 %	NPM>20%	Not Good
2023	-1,24 %	NPM>20%	Not Good

Based on the results of data analysis, Corporations in the culinary and beverage sector listed on the Indonesian Capital Market (IDX) have relatively low Net Profit Margins (NPM) and are still below the expected standard figure, which is more than 20%. In 2020, the average NPM of this sector was recorded at 4.27%, reflecting that companies in this sector are still struggling to generate adequate profits. Factors such as inefficient cost management, suboptimal operations, and low competitiveness are the main causes of low NPM. Output for

this year is categorized as Poor because it has not reached optimal profitability. In 2021, the average NPM increased slightly to 4.46%, but remained below the expected standard. Despite improvements compared to the previous year, the figures show that companies in this sector still struggle to manage costs and maximize market potential. Output for this year is still categorized as Poor because it has not met the desired profitability standard. In 2022, the average NPM increased to 4.25%, this year's output also remained poor because the profitability of this sector has not been optimal. In 2023, the sector's average NPM was recorded at -1.24%, experiencing a very drastic decline and NPM remained below expected standards, indicating challenges in achieving higher profits. Overall, despite a slight improvement, the Food and Beverage sector in Indonesia has still not reached the desired level of profitability. Companies in this sector need to evaluate their cost management strategies, operational efficiency, and utilization of market opportunities to increase profitability in the future.

4. GPM

The GPM ratio reflects the level of efficiency of a business in generating gross profit from the total revenue earned. GPM measures revenue after the company pays the entire cost of production. The higher the GPM, the better the company's performance because it shows more efficient production costs (Sjam, 2023 : 51). According to (Dr. Mamduh M. Hanafi, 2018: 42) Gross Profit Margin is calculated using the following formula:

$$GPM = \frac{\text{Gross Profit}}{\text{Revenue}} \times 100\%$$

According to Parlina et al. (2023) standard GPM ratio of >30% Declared Good. With the formula above, the results are as follows:

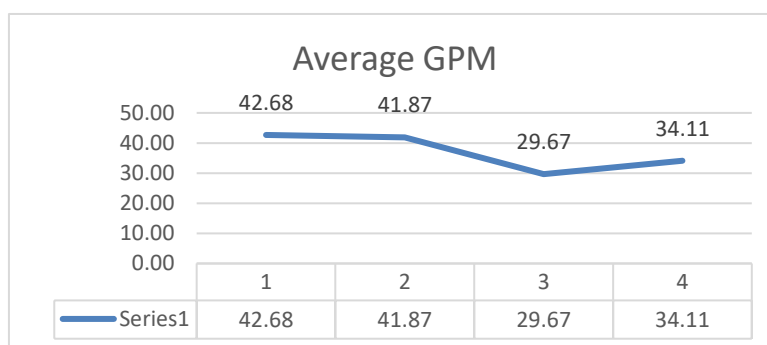
Table 8 GPM Calculation Results

Company Name	GPM			
	Year			
	2020	2021	2022	2023
PT Sarimelati Kencana Tbk	65,44 %	65,78 %	67,24 %	66,59 %
PT. Unilever Indonesia Tbk	52,26 %	49,63 %	46,25 %	49,71 %
PT Wahana Interfood Nusantara Tbk	16,17 %	17,08 %	-80,49 %	-0,92 %
PT Diamond Food Indonesia Tbk	21,59 %	21,17 %	21,04 %	21,94 %
PT Fast Food Indonesia Tbk	59,27 %	60,65 %	62,56 %	21,94 %
PT Sentra Food Indonesia Tbk	36,89 %	31,49 %	20,79 %	17,93 %
PT Nippon Indosari Corpindo Tbk	56,11 %	54,34 %	53,01 %	54,05 %
PT Wilmar Cahaya Indonesia Tbk.	9,22 %	6,76 %	6,86 %	6,13 %
PT Delta Djakarta Tbk	67,21 %	69,96 %	69,73 %	69,59 %

Based on the available information, the majority of companies in the Food and Beverage industry show a similar trend in their financial performance showing Gross Profit Margin (GPM) that exceeds the set standard, which shows the effectiveness in managing their sales to obtain gross profit. Nonetheless, there are significant variations between companies, reflecting differences in their ability to manage gross profits. In 2020, PT Wilmar Cahaya Indonesia Tbk recorded the lowest GPM of 9.22%, while PT Delta Djakarta Tbk recorded the highest GPM of 67.21%, indicating excellent profitability management. In 2021, PT Wilmar Cahaya Indonesia Tbk again recorded the lowest GPM of 6.76%, indicating a decline and difficulties in increasing gross profit margin.

Meanwhile, PT Delta Djakarta Tbk experienced a significant increase in GPM, reaching 69.96%, This indicates that the business entity is more optimal in generating gross revenue and managing profitability. In 2022, PT Wahana Interfood Nusantara Tbk recorded a decrease in GPM to -80.49%, while PT Delta Djakarta Tbk still recorded a high GPM despite a decrease of 69.73%.

In 2023, PT Wahana Interfood Nusantara Tbk again experienced an increase in GPM to -0.92%, indicating that the company is trying to improve its profitability even though it is still far below standard. On the other hand, PT Delta Djakarta Tbk experienced a decrease in GPM, reaching 69.59%, although it decreased, the company was able to get maximum gross profit. Overall, although most companies recorded good GPM, some companies such as PT Wilmar Cahaya Indonesia Tbk still struggled to manage gross profit. Meanwhile, companies such as PT Delta Djakarta Tbk show that with the implementation of an effective strategy, a high level of profitability can be maintained consistently. The following is a graph of the average Gross Profit Percentage (GPM) of businesses in the Food and Beverage sector listed on the Indonesian Capital Market during the 2020–2023 period:



Year	Average GPM	Book Standards	Output
2020	42,68 %	GPM>30%	Good
2021	41,87 %	GPM>30%	Good
2022	69,67 %	GPM>30%	Good
2023	34,11 %	GPM>30%	Good

Based on existing data, the average Gross Profit Margin (GPM) Ratio in companies in the Food and Beverage industry recorded a very positive performance, with all years recorded being above the set GPM standard, which is 30%. This reflects that companies in this sector are able to manage production and sales costs efficiently, as well as generate optimal gross profits. In 2020, the average GPM was recorded at 42.68%, showing a good ability to generate gross profit despite challenges in the industry. However, in 2021, the GPM decreased slightly to 41.87%, although it remained well above the standard, indicating that there were external or internal factors affecting profit margins. In 2022, the average GPM experienced a significant jump to 69.67%, reflecting a remarkable improvement in cost management and sales efficiency. Perhaps factors such as product innovation, cost reduction, or effective pricing strategies contribute to this achievement. In 2023, the average GPM again reached 34.11%, although it decreased compared to the previous year, but still shows the ability of companies in this sector to maintain good profitability. Overall, the Food and Beverage sector in Indonesia showed a stable performance in terms of profitability with a consistently high GPM, indicating the sector's ability to manage costs and sales effectively, as well as create optimal profits despite annual fluctuations.

Profitability ratios such as ROA, ROE, and net profit margin are important for assessing a company's ability to generate profits and attract investors. However, the company must compare its performance to similar industry standards, and if the ratio does not meet the standard, an evaluation of business strategy, costs, and asset management needs to be conducted to improve financial performance. According to (Safitri, 2018) in its research with the title "Profitability Ratio Analysis at Pt. Siloam Hospitals International, Tbk." obtained the results of The increase in the value of NPM reflects the productivity which is much more than that of business entities, then in turn can increase investor interest to form capital in Company aforementioned. The percentage of net revenue earned from each transaction or revenue is reflected in this ratio. The higher the ratio, the more it shows the

company's effectiveness in generating profits. Based on research conducted by (Rusdiyanto et al., 2020) with title "The Effect of Cash Turnover and Receivable Turnover on Profitability", it was found that Return on Assets (ROA) has a significant influence on the company's financial performance. This is evidenced by a significance value of 0.000 which is smaller than 0.05, as well as the results of the t-test which showed a figure of 21.728, far exceeding the table t-value of 2.013.

Based on an analysis of companies in the food and beverage sector listed on the Indonesia Stock Exchange during the period 2020 to 2023, the majority experienced a level of profitability that has not reached optimal results. However, the Gross Profit Margin (GPM) ratio showed good performance, with PT Delta Jakarta Tbk recording the highest GPM of 69.96% in 2022. PT Unilever Indonesia Tbk also recorded the highest Return on Equity (ROE) of 142.92%, and an efficient Return on Assets (ROA) of 34.36% in 2020. In addition, PT Delta Jakarta Tbk managed to obtain the highest Net Profit Margin (NPM) of 29.64% in 2022. Overall, despite the variation in the company's results, PT Unilever Indonesia Tbk, PT Wahana Interfood Indonesia Tbk, and PT Delta Jakarta Tbk showed excellent financial performance. They can be used as an example in managing profitability in this sector, while other companies need to evaluate and improve to improve their financial performance.

B. Discussion

Based on research findings, the financial performance of food and beverage sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period shows a difference in the level of profitability. The Return on Equity (ROE) ratio indicates that the majority of companies have not been able to manage capital efficiently, except for PT Unilever Indonesia Tbk which managed to maintain a high ROE above 130%. Meanwhile, the Return on Assets Ratio (ROA) reflects that most companies experience obstacles in maximizing their assets to make a profit, with only a few entities such as PT Unilever Indonesia Tbk and PT Delta Jakarta Tbk achieving optimal levels. In terms of Net Profit Margin (NPM), the majority of companies show a low level of profitability, and some even experience negative margins, which indicates significant constraints in operational efficiency and cost management. However, the overall Gross Profit Margin (GPM) still reflects a fairly good performance, indicating that the company is still able to achieve a relatively high gross profit despite the challenges in operational costs and marketing strategies.

IV. CONCLUSION

Overall, this study reveals that the profit level of companies in the food and beverage sector listed on the Indonesia Stock Exchange (IDX) shows certain trends in profitability aspects during the 2020–2023 period still facing challenges in capital management, assets, and operational efficiency. Based on the Return on Equity (ROE) analysis, the average ROE of this sector is below the expected standard (>30%), with the highest figure recorded by PT Unilever Indonesia Tbk at 142.92% in 2020, while several other companies experienced negative ROE, such as PT Sentra Food Indonesia Tbk with -94.31% in 2023. Meanwhile, the average Return on Assets (ROA) is far below the standard (>20%), with the sector's average ROA only reaching 4.86% in 2020, increasing to 6.75% in 2021, but declining again to 6.15% in 2022 and only 0.24% in 2023. This shows that companies in this sector are having difficulty in utilizing their assets to generate profits. Several companies even recorded negative ROA, such as PT Sentra Food Indonesia Tbk which dropped drastically to -39.63% in 2023. In terms of Net Profit Margin (NPM), the average company in this sector is also still at a lower level than the standard (>20%), with an average NPM of only 4.27% in 2020, rising slightly to 4.46% in 2021, falling to 4.25% in 2022, and plummeting to -1.24% in 2023. PT Delta Jakarta Tbk became the company with the highest NPM, reaching 29.64% in 2022, while PT Wahana Interfood Nusantara Tbk experienced a sharp decline to -31.39% in 2023. However, the Gross Profit Margin (GPM) showed relatively good achievements, with the average GPM of this sector reaching 42.68% in 2020, slightly dropping to 41.87% in 2021, jumping to 69.67% in 2022, and again falling to 34.11% in 2023. Several companies such as PT Delta Jakarta Tbk were able to record a high GPM of 69.96% in 2022, while PT Wahana Interfood Nusantara Tbk experienced a negative GPM of -80.49% in the same year, indicating difficulties in production efficiency and the management of cost of goods sold.

Although a number of entities, such as PT Unilever Indonesia Tbk and PT Delta Jakarta Tbk showed good performance in certain aspects, most companies still experienced suboptimal profitability. Therefore, companies in this sector need to improve their asset management strategies more optimally, control operational costs more efficiently, and adjust business strategies to be more adaptive to dynamic market conditions. Thus, the profitability ratio remains an important tool in measuring and optimizing business financial performance in the food and beverage sector in Indonesia.

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