

Financial Performance Analysis of Property and Real Estate Companies Listed on The Indonesia Stock Exchange With Du Pont System Approach

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Abstract

This study aims to determine the financial performance of property and real estate companies in the LQ45 index for the 2017-2021 period listed on the Indonesia Stock Exchange using the Du Pont System approach. Du Pont System is an analysis that unites activity ratios with profitability constellations to show how these two factors relate in determining return on investment, namely the profitability of company assets. This research is analyzed using qualitative descriptive analysis techniques by analyzing financial statements using the Du Pont System approach that has been published on the Indonesia Stock Exchange which describes real circumstances or events in the company. The data collection techniques used in this study are documentation techniques and literature studies. The results showed that the financial performance of PT Pakuwon Jati Tbk had the highest ROI of 8.38% while PT PP Properti Tbk with the lowest ROI rate of 4.37%, PT Pakuwon Jati Tbk became the company with the best corporate financial performance when compared to other property and real estate companies for the 2017-2021 period.

Keywords Du pont System, Property & Estate, LQ45

INTRODUCTION

The rapid development of the economic sector in Indonesia, which is marked by the large number of new companies that are born, makes competition between businesspeople sharper. Companies are required to be able to develop in order to maintain business continuity in the long term. Basically, companies are established with the aim of maximizing profits or profits. This goal can be realized by increasing the quantity and quality of the company in order to be able to face competitive business competition. In addition, the development of the business world also requires companies to have good financial performance. Hery (2015:25) defines financial performance as a formal effort to assess the efficiency and effectiveness of the company in generating profits and maintaining certain cash positions.

Companies with good financial performance can attract external parties to invest capital in the company to help the company's growth and development. In decision making, investors need relevant information to describe the company's performance, namely financial statements. (Hidayat (2018:2) said, information that describes the company's financial position and financial performance are both explained in the financial statements. Published financial statements play an important role in evaluating a company because interested parties can utilize the data to determine whether the company is strong or weak.

Furthermore, financial statement analysis is needed to determine the increase or decrease in the company's financial performance. Harahap (2013:215) said that alternatives that can be chosen in interpreting financial statements are through comparative financial



statement analysis, Trend Series Analysis, Common Size Analysis, ratio analysis, and specific analysis including Cash Forecasting Analysis, analysis of changes in financial position, Gross Margin Analysis, break-even analysis, and Du Pont System analysis.

Du Pont System is a method created by Du Pont Company to assess how successfully a company is able to generate profits and manage its capital. Du Pont's approach combines the ratio of activity/asset turnover with the ratio of profit margin to sales to show how these two factors interact to determine return on investment, namely the profitability of company assets (Dwiningsih 2018: 106).

Rahmani (2020: 228) said, the Du Pont System approach in financial performance analysis is used to calculate return on investment (ROI) by multiplying Net Profit Margin (NPM) by Total Asset Turnover (TATO).

In this study, the measuring tool used to analyze financial statements is the Du Pont System approach. According to Harahap (2013:335) this approach is more integrative and incorporates the structure of financial statements into its analysis. Du Pont checked the financial statements thoroughly. Du Pont System is an approach used to evaluate a company's financial performance. To calculate Return on Investment (ROI) by multiplying the profitability ratio of Net Profit Margin (NPM) with the ratio of Total Asset Turnover (TATO) activities.

Industrial subsectors incorporated in the Indonesia Stock Exchange and engaged in property ownership that are used as assets are the property and real estate sectors. Along with increasing population and residence, investment in the property and real estate sector benefits investors as land and building prices tend to increase every year.

The growth of the property and real estate sector is a major factor in economic improvement, the property sector has a multiplier effect on other industrial sub-sectors. However, the property and real estate sector has experienced sluggishness in recent years, one of which is due to the Covid-19 virus. This is characterized by the weakening of a number of corporate indicators such as solvency ratios, liquidity ratios, turnover ratios, and profitability ratios that face a decline.

Property and real estate companies that are members of the LQ45 Index are subjects in this study. The Indonesia Stock Exchange LQ45 Index is one of the stock market indices containing 45 companies with high liquidity selected after considering various factors. The reason researchers chose the LQ45 sample is because LQ45 stocks have high liquidity, high market capitalization and stocks that are most in demand by investors. Property and real estate companies incorporated in the LQ45 Index are 7 (seven) companies, namely PT Sentul City Tbk, PT Bumi Serpong Damai Tbk, PT Ciputra Development Tbk, PT Lippo Karawaci Tbk, PT PP Properti Tbk, PT Pakuwon Jati Tbk, and PT Summarecon Agung Tbk (www.idx.co.id, 2023).

METHOD

The research was conducted on property and real estate companies listed on the Indonesia Stock Exchange from 2017 - 2021. According to Sugiyono (2018:2) research methods are defined as rational, useful, and scientific ways to collect data. The scientific

method is a research methodology that is based on systematic, empirical, racial and scientific features. The method used in this study is qualitative method. The total population in this study is 35 property and real estate companies on the main board on the Indonesia Stock Exchange and Purposive Sampling is used in this study to determine research samples with various calculations that aim to make the data obtained more representative. as a guideline in determining the sample of a population based on a certain criterion. So that 7 companies were obtained as research samples.

The data used in this study is secondary data, which is processed and provided by the company and appears in the annual financial statements released by the Indonesia Stock Exchange periodically between 2017-2021 and the data collection technique used in this study is a documentation technique, which is a technique carried out by taking data and collecting secondary data in the form of records of annual financial statements of companies listed on the Indonesia Stock Exchange. Then the literature study technique is the technique of studying, studying and researching literature sourced from transcript notes, books, letters, documentation and so on.

The analytical technique used in this study uses qualitative descriptive methods by analyzing financial statements using the Du Pont System approach which has been published on the Indonesia Stock Exchange with the stages of collecting data on the financial statements of property and real estate companies in the LQ45 index listed on the Indonesia Stock Exchange for the period 2017 to 2021. The stages in conducting analysis in this study are calculating the Du Pont System approach with calculations based on theoretical formulas, analyzing the results of the Du Pont System approach calculations and describing the results of the company's financial performance.

RESULTS AND DISCUSSION

This research was conducted using the company's published financial statements, then analyzed with the Du Pont System approach which shows the ratio of Net Profit Margin (NPM) profitability to the ratio of Total Asset Turnover (TATO) activities interacting to determine Return on Investment (ROI). The following are the results of the calculation of the Du Pont System approach using the financial statements of property and real estate companies in the LQ45 Index for the 2017-2021 period.

Table 1.
Recapitulation of Net Profit Margin (NPM) of Property and Real Estate Companies in the LQ45 Index for the period 2017-2021

No	Code	Years					Avarage (%)
		2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	
1	BKSL	37,49 %	41,09 %	24,94 %	53,40 %	54,59 %	42,30 %
2	BSDE	48,90 %	32,66 %	35,80 %	32,07 %	31,25 %	36,12 %
3	CTRA	15,80 %	16,99 %	16,87 %	16,99 %	21,46 %	17,60 %
4	LPKR	8,14 %	13,85 %	16,73 %	80,53 %	9,82 %	25,81 %
5	PPRO	16,97 %	19,43 %	14,38 %	6,10 %	2,44 %	11,86 %
6	PWON	35,21 %	39,92 %	44,98 %	28,14 %	27,38 %	35,07 %
7	SMRA	9,44 %	12,20 %	10,32 %	4,88 %	9,87 %	9,34 %



Avarage	24,56 %	25,18 %	23,38 %	31,73 %	22,40 %	25,44 %
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Source: data processed by researchers, 2023

Based on the table above, it can be concluded that PT Sentul City Tbk's Net Profit Margin (NPM) result is the highest with a gain of 42.30% while the smallest Net Profit Margin (NPM) result is PT Summarecon Agung Tbk with a gain of 9.34%. In this case, PT Sentul City Tbk is a company that is very satisfied with its financial performance whose results are greater than the industry average of other property and real estate companies.

Tabel 2.
Recapitulation of Total Asset Turnover (TATO) of Property and Real Estate Companies in the LQ45 Index for the 2017-2021 period

No	Code	Years					Avarage (Kali)
		2017 (Kali)	2018 (Kali)	2019 (Kali)	2020 (Kali)	2021 (Kali)	
1	BKSL	0,108	0,081	0,055	0,025	0,055	0,064
2	BSDE	0,225	0,127	0,130	0,102	0,125	0,145
3	CTRA	0,202	0,224	0,210	0,205	0,239	0,216
4	LPKR	0,185	0,250	0,223	0,230	0,317	0,241
5	PPRO	0,215	0,155	0,128	0,112	0,041	0,130
6	PWON	0,246	0,283	0,275	0,150	0,198	0,230
7	SMRA	0,260	0,242	0,243	0,201	0,213	0,231
Avarage		0,206	0,194	0,180	0,146	0,170	0,179

Source: data processed by researchers, 2023

Based on the table above, it can be concluded that the Total Asset Turnover (TATO) result of PT Lippo Karawaci Tbk is the highest with a gain of 0.241 times while the smallest Total Asset Turnover (TATO) result is PT Sentul City Tbk with a gain of 0.064. In this case, PT Sentul City Tbk is a company that is less efficient in using total assets in generating sales volume.

Tabel 3.
Rekapitulasi Return on Investment (ROI) perusahaan Properti dan Real Estat dalam Indeks LQ45 periode 2017-2021

No	Code	Years					Avarage (%)
		2017 (%)	2018 (%)	2019 (%)	2020 (%)	2021 (%)	
1	BKSL	4,05 %	3,33 %	1,37 %	1,36 %	3,01 %	2,62 %
2	BSDE	11,00 %	4,14 %	4,65 %	3,27 %	3,91 %	5,39 %
3	CTRA	3,19 %	3,79 %	3,54 %	3,48 %	5,13 %	3,83 %
4	LPKR	1,50 %	3,46 %	3,73 %	18,52 %	3,11 %	6,33 %
5	PPRO	3,65 %	3,01 %	1,84 %	0,68 %	0,10 %	1,86 %
6	PWON	8,66 %	11,30 %	12,37 %	4,22 %	5,37 %	8,38 %
7	SMRA	2,45 %	2,95 %	2,51 %	0,90 %	2,10 %	2,20 %
Avarage		4,92 %	4,59 %	4,29 %	4,63 %	3,25 %	4,37 %

Source: data processed by researchers, 2023

Based on the calculation of the highest Return on Investment (ROI) of PT Pakuwon Jati Tbk which is 8.38% and the lowest is PT PP Properti Tbk which is 1.86%. Judging from the Return on Investment (ROI) results, it can be concluded that PT PP Properti Tbk has the lowest rate of return on the invested value, while PT Pakuwon Jati Tbk is stated to have good financial performance because of the highest Return on Investment (ROI) value even though the value fluctuates every year.

From the results above, it can be concluded that the financial performance of seven property and real estate companies in the LQ45 Index for the 2017-2021 period, PT Pakuwon Jati Tbk is the company with the best financial performance compared to other property and real estate companies for the 2017-2021 period, while PT PP Properti Tbk has the lowest ROI compared to other property and real estate companies for the 2017-2021 period.

Based on the recapitulation of the results of the analysis of the financial performance of 7 (seven) property and real estate companies in the LQ45 Index for the 2017-2021 period with Du Pont's approach, it can be concluded as follows:

1. The highest Net Profit Margin (NPM) result of PT Sentul City Tbk with a gain of 42.30% while the smallest Net Profit Margin (NPM) result is PT Summarecon Agung Tbk with a gain of 9.34%. In this scenario, PT Sentul City Tbk is the company that outperforms the property and real estate company industry average by 25.44%.
2. The highest Total Asset Turnover (TATO) result of PT Lippo Karawaci Tbk with a gain of 0.241 times while the smallest Total Asset Turnover (TATO) result is PT Sentul City Tbk with a gain of 0.064 times. In this case, PT Lippo Karawaci Tbk is an efficient company in using total assets to generate sales volume whose results are greater than the industry average of other property and real estate companies with gains of 0.179 times.
3. Return on Investment (ROI) is affected by Net Profit Margin (NPM) and Total Asset Turnover (TATO). The highest Return on investment (ROI) of PT Pakuwon Jati Tbk was 8.38% and the lowest was PT PP Properti Tbk which was 1.86%. Judging from the Return on Investment (ROI) results, it can be concluded that PT PP Properti Tbk has the lowest rate of return on the invested value, while PT Pakuwon Jati Tbk is stated to have a good financial performance because of the highest Return on Investment (ROI) value even though the value of each year fluctuates which results are greater than the average of other property and real estate companies with a gain of 4.37%.
4. Financial performance of seven property and real estate companies in the LQ45 Index for the 2017-2021 period, PT Pakuwon jati Tbk is the company with the best financial performance compared to other property and real estate companies for the 2017-2021 period, while PT PP Properti Tbk has the lowest Return on Investment (ROI) compared to other property and real estate companies for the 2017-2021 period. The sequence of performance produced from the seven property and real estate companies for the 2017-2021 period when measured using the Du Pont System approach is as follows:
 - a. PT Pakuwon Jati Tbk (PWON)
 - b. PT Lippo Karawaci Tbk (LPKR)
 - c. PT Ciputra Development Tbk (CTRA)
 - d. PT Bumi Serpong Damai Tbk (BSDE)



- e. PT Sentul City Tbk (BKSL)
- f. PT Summarecon Agung Tbk (SMRA)
- g. PT PP Properti Tbk (PPRO)

CONCLUSION

Based on the results of the analysis of the data obtained, as well as the discussions that have been carried out, it can be concluded that the financial performance of PT Pakuwon Jati Tbk has the highest ROI of 8.38% while PT PP Properti Tbk with the lowest ROI rate of 4.37%, PT Pakuwon Jati Tbk is the company with the best corporate financial performance when compared to other property and real estate companies for the 2017-2021 period. The sequence of performance produced from the seven property and real estate companies for the 2017-2021 period when measured using the Du Pont System approach is as follows:

1. PT Pakuwon Jati Tbk (PWON)
2. PT Lippo Karawaci Tbk (LPKR)
3. PT Ciputra Development Tbk (CTRA)
4. PT Bumi Serpong Damai Tbk (BSDE)
5. PT Sentul City Tbk (BKSL)
6. PT Summarecon Agung Tbk (SMRA)
7. PT PP Properti Tbk (PPRO)

PT Pakuwon Jati Tbk is the company with the best financial performance, while PT PP Properti Tbk with poor financial performance compared to property and real estate companies in the LQ45 index for the 2017-2021 period measured by the Du Pont System approach. Thus, a company's rating in a particular index on the Indonesia Stock Exchange (IDX) is not a guarantee that the company has good financial condition/performance in the past (historical). As a result, potential investors should pay attention to total financial performance, including historical characteristics (the company's historical success as revealed in the financial statements).

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