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PT Matahari Department Store Tbk Income Statement Analysis

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Abstract

This research aims to find out how each income variable contributes to total income and analysis of financial performance at PT Matahari Department Store Tbk (Matahari), which is one of the leading retail companies in Indonesia that provides clothing, accessories, beauty and household products using the ratio financial Return On Investment (ROI), Net Profit Margin (NPM), Total Asset Turnover (TATO) from 2019 to 2023, then financial performance using the Du Pont approach analysis. This research uses a qualitative descriptive research method. And from the research results we can show that the condition of the profit and loss report at PT Matahari can be said to be quite good even though there are fluctuations in the contribution of income and total income variables and are in a negative condition. With the du pont system analysis, financial performance has increased even though it is still in a negative condition too. This is influenced by the percentage of net profit or NPM which experiences a negative decrease in losses and is followed by an increase in the TATO value.

Keywords: Income, ROI, NPM, TATO, Du Pont.

1. Introduction

PT Matahari Department Store Tbk (Matahari) is one of the key pillars in Indonesia's retail industry. With a focus on selling apparel, accessories, beauty products, and household needs, Matahari has built a strong reputation as a leading shopping destination for Indonesians. In this context, financial statements, particularly income statements, are crucial instruments in understanding and evaluating a company's financial performance. Getting the maximum possible profit (profit) is done to maintain the survival of the company in the future. And provide services to the community through services.

The income statement not only reflects Matahari financial performance in generating revenue, but also provides deep insight into the company's cost structure and profitability. By looking at the contribution of each revenue variable to total revenue, we can assess the company's operational efficiency and marketing strategy. It is also important information for investors, creditors and business people to make decisions. One of the financial analysis methods used is the du pont system which analyzes all activities and profits on profit margins to show how income variables affect each other (Lestari, 2023). There are 3 things to focus on in this method, namely net profit margin (NPM), total asset turnover (TATO), and return on investment (ROI).

This study aims to examine the contribution of each income variable to total income and to analyze the financial performance of PT Matahari Department Store Tbk during the period 2019 to 2023. The focus of financial performance analysis is carried out using the financial ratios Return On Investment (ROI), Net Profit Margin (NPM), and Total Asset Turnover (TATO), as well as with the Du Pont analysis approach.

The research method used in this study is descriptive qualitative method. With this approach, we will explore and analyze Matahari's financial data to gain an in-depth understanding of the condition of the company's income statement and its financial performance

The results of this study are expected to provide a clear picture of the condition of Matahari's income statement, including fluctuations in the contribution of variable income to total income. In addition, the analysis of financial performance using the Du Pont approach will help in understanding the factors that affect the company's financial performance more holistically.

Thus, through an in-depth understanding of the financial statements, particularly the income statement, of PT Matahari Department Store Tbk, this study is expected to make a significant contribution to the development of the retail industry in Indonesia as well as a better understanding of the company's financial dynamics.

Research Objective:

1. Assess the company's financial performance using the financial ratios Return On Investment (ROI), Net Profit Margin (NPM), and Total Asset Turnover (TATO).
2. Analyze financial performance using the Du Pont approach to understand the factors that affect the company's profitability and operational efficiency.
3. Identify patterns of fluctuations in the Sun's income statement and analyze factors that may have influenced those changes.
4. Provide a better understanding of the stability and profitability of PT Matahari Department Store Tbk and evaluate existing business strategies.
5. Provide useful information for investors, financial analysts, company management, and other stakeholders for investment decision making and risk evaluation.

With these objectives, this study aims to provide an in-depth insight into Matahari's financial performance and make a significant contribution to the development of the retail industry in Indonesia.

2. Literature Review

2.1. Revenue

According to Callen (2008), revenue is one of the main aspects in analyzing the financial performance of a company. They emphasize the importance of revenue as the main driver of a company's profitability and highlight its relationship with external and internal factors that affect company growth.

2.2. Financial Performance

Horváthová, (2010) defines financial performance as an analysis carried out to determine the extent to which the company has implemented predetermined rules related to the use of finance appropriately and correctly.

2.3. Income Statement

Subramanyam (2017) states that financial statements are part of business analysis. Business analysis is an evaluation of the company's prospects and risks for making business decisions. According to Islam (2017), financial reports are the main medium for an entity to communicate financial information by management to stakeholders such as shareholders, creditors, labor unions, government agencies, management.

2.4. Return On Investment (ROI)

Equity risk is the potential loss arising from an equity investment. Equity risk may include market risk, credit risk, operational risk and strategic risk. Market risk relates to fluctuations in stock prices, inflation, and changes in interest rates. Credit risk relates to the possibility of a company not recovering from bankruptcy. Operational risk relates to the operational challenges of the business. Strategic risk relates to wrong strategic decisions (Rico, 2008).

A number of methods, including value at risk (VaR), Monte Carlo, and sensitivity analysis, can be used to conduct equity risk analysis. Sensitivity analysis is used to understand how changes in stock prices due to inflation, exchange rate fluctuations and interest rate fluctuations can affect stock prices. Monte Carlo analysis is used to determine the probability of an undesirable event occurring. VaR analysis is used to determine the maximum risk that can be accepted by investors. Stock risk can be calculated by:

$$Return\ On\ Investment\ = \frac{Profit\ After\ Tax}{Total\ Assets} \times 100\%$$

2.5. Net Profit Margin (NPM)

$$Net\ Profit\ Margin\ = \frac{Net\ Profit}{Sales} \times 100\%$$

Murhadi (2015), states “Net Profit Margin reflects the company's ability to generate net profit from each of its sales”. The greater the NPM, the more productive the company's performance will be.

2.6. Total Asset Turnover (TATO)

$$\boldsymbol{T}otal\ Asset\ Turnover\ = \frac{Sales}{Total\ Assets} \times 100\%$$

Sitanggang (2014) states that total assets turnover (Assets Turnover or Total Assets Turn Over or TATO) is a ratio that measures how all assets owned by the company are operated in supporting company sales.

2.7. Du Pont System

$$Return\ On\ Investment = Net\ Profit\ Margin \times Total\ Asset\ Turnover$$

Research by Gitman and Zutter (2014) emphasizes the usefulness of Du Pont System analysis in understanding the factors that influence a company's Return on Equity (ROE). They elaborated that Du Pont analysis breaks down ROE into components that can be further identified and analyzed, thus helping company management in identifying potential areas of improvement.

3. Materials and Methods

3.1. Materials

In this study, data is obtained through the documentation method by collecting information from the official financial statements of PT Matahari Department Store Tbk (Matahari) during the 2019-2023 period. The financial statements are the main object of the study, which includes various financial information such as revenue, costs, net income, assets, and liabilities of the company. All these data were obtained from the company's official published sources, such as annual reports and quarterly financial reports. The benchmarks used in data analysis are these financial ratios, which provide an overview of the efficiency, profitability, and use of the company's assets in generating profits. By using data and information obtained from the company's official financial statements, this study aims to analyze the financial performance of PT Matahari Department Store Tbk during the specified time period.

3.2. Methods

In this research, the analysis method used is descriptive analysis method. This method is carried out by collecting relevant data, compiling it, interpreting it, and analyzing it to provide a clear picture of the research conducted. The analysis process was carried out using the following techniques:

1. Data Collection: The first stage involved collecting information related to PT Matahari Department Store Tbk (Matahari), including company profile, company history, organizational structure, and employee duties and responsibilities.
2. Financial Data Analysis: The second stage involves collecting the necessary financial data, specifically the company's income statement and total assets from 2019 to 2023.
3. Financial Ratio Calculation and Analysis: The third stage involves calculating financial ratios, such as Return On Investment (ROI), Net Profit Margin (NPM), and Total Asset Turnover (TATO), based on the collected data. These ratios are then analyzed to evaluate the financial performance of PT Matahari Department Store Tbk.
4. Analysis Using the Du Pont System Approach: The fourth stage is to analyze the company's financial performance using the Du Pont System approach. This approach allows linking the three key ratios, namely ROI, NPM, and TATO, to understand the company's profit position and efficiency in generating profits.
5. Drawing Conclusions and Suggestions: The final stage is to draw conclusions from the analysis that has been done. The conclusions include an evaluation of the company's financial performance as well as providing suggestions or recommendations for improvement or development in the future.

4. Results and Discussion

4.1 Result

Return on Investment

Table 1: ROI

Year	Profit After Tax	Total Assets	ROI
2019	1,366,884	4,832,910	28%
2020	-873,181	6,319,074	-14%
2021	912,854	5,851,229	16%
2022	1,383,222	5,750,217	24%
2023	675,360	5,880,396	11%
	Average Return On Investment		**13%**

Based on the data in the table above, the company shows a fairly good ability to manage its assets to generate profits, although there are fluctuations in financial performance from year to year.

Net Profit Margin

Table 2: NPM

Year	Net Profit	Sales	NPM
2019	1,366,884	10,276,431	13%
2020	-873,181	4,839,058	-18%
2021	912,854	5,585,975	16%
2022	1,383,222	6,454,583	21%
2023	675,360	6,538,586	10%
	Average Net Profit Margin		**9%**

Based on the data in the table above, it can be seen that the company has a stable level of profitability despite annual fluctuations.

Total Asset Turnover

Table 3: TATO

Year	Sales	Total Assets	TATO
2019	10,276,431	4,832,910	2.13
2020	4,839,058	6,319,074	0.77
2021	5,585,975	5,851,229	0.95
2022	6,454,583	5,750,217	1.12
2023	6,538,586	5,880,396	1.11

Average Total Aset Turnover	**1.22**

Based on the table above, it can be seen that overall the company used its assets quite efficiently to generate sales during the period. However, there are significant fluctuations from year to year, indicating that the company needs to continue to improve its asset utilization strategy to achieve more consistent efficiency.

Du Pont System

Table 4: Du Pont System

Year	ROI	NPM	TATO
2019	28%	13%	2.13
2020	-14%	-18%	0.77
2021	16%	16%	0.95
2022	24%	21%	1.12
2023	11%	10%	1.11

Based on the table above, it can be seen that the overall ROI value has fluctuated significantly during the period from 2019 to 2023. There was a notable decrease in ROI in 2020, followed by a substantial increase in 2022 and a subsequent decrease in 2023. This indicates that the company's management ability to generate profits has fluctuated over the years. The fluctuating NPM values also suggest that the company's profitability has been inconsistent, with varying levels of net profit margins observed from year to year. Additionally, the TATO values demonstrate fluctuations in the efficiency of asset utilization throughout the period, indicating that the company's ability to generate sales from its assets has varied over time. Overall, these fluctuations highlight the importance for the company to focus on stabilizing its financial performance to achieve more consistent and sustainable results.

4.2 Discussion

Return On Investment

In 2019, the Return on Investment (ROI) was 28%. This means that every IDR 1,- of assets used by the company generated a profit of IDR 0.28,- after interest and taxes. This indicates that the company was able to manage its assets effectively to generate profits. In 2020, the Return on Investment was -14%. This means that for every IDR 1,- of assets used, the company experienced a loss of IDR 0.14. This reflects a challenging year for the company, with significant losses despite an increase in asset base. In 2021, the Return on Investment was 16%. This means that every IDR 1,- of assets used by the company generated a profit of IDR 0.16,- after interest and taxes. Although there was an improvement from the previous year, the ROI was still lower than in 2019, indicating room for further efficiency in asset management. In 2022, the Return on Investment was 24%. This means that every IDR 1,- of assets used by the company generated a profit of IDR 0.24,- after interest and taxes. This demonstrates a substantial improvement in the company's ability to use its assets efficiently and generate profits. In 2023, the Return on Investment was 11%. This means that every IDR 1,- of assets used by the company generated a profit of IDR 0.11,- after interest and taxes. Despite a decrease from the previous year, the company still managed to generate a positive return, indicating a consistent, albeit fluctuating, ability to generate profit from its assets.

Overall, the ROI from 2019 to 2023 shows significant fluctuations, with an average ROI of 13%. This indicates periods of both strong asset management and significant challenges. While there were notable improvements in certain years, the company needs to address the factors causing these fluctuations to achieve more stable and consistent profitability.

Net Profit Margin

In 2019, the Net Profit Margin (NPM) was 13%. This means that every IDR 1,- of revenue generated a net profit of IDR 0.13,-. This shows that the company was able to manage its revenue effectively to achieve a satisfactory net profit. In 2020, the NPM was -18%. This means that for every IDR 1,- of revenue, the company experienced a net loss of IDR 0.18. This indicates significant difficulties in managing costs and revenues, leading to substantial losses. In 2021, the NPM improved to 16%. This means that every IDR 1,- of revenue generated a net profit of IDR 0.16,-. Despite the challenges of the previous year, the company managed to achieve a good level of profitability. In 2022, the NPM was 21%. This means that every IDR 1,- of revenue generated a net profit of IDR 0.21,-. This reflects significant progress in profitability compared to the previous year, indicating effective cost and revenue management. In 2023, the NPM was 10%. This means that every IDR 1,- of revenue generated a net profit of IDR 0.10,-. While there was a decrease from the previous year, the company still maintained a positive net profit, indicating resilience and an ability to recover from previous challenges.

Overall, fluctuations in NPM from year to year highlight the need for the company to focus on managing costs and revenues effectively. The improvement in 2023 shows a positive step, but the company still needs to enhance its strategies to achieve stable profitability in line with industry standards. The average NPM over the period was 9%, indicating room for improvement in achieving consistent and higher profitability.

Total Asset Turnover

Based on the calculation of Total Asset Turnover (TATO) of PT Matahari Department Store Tbk (Matahari), in 2019, the company achieved Total Asset Turnover of 2.13 times. This means that every IDR 1.00 of company assets is able to generate revenue or net sales of IDR 2.13. This high value indicates excellent efficiency in using assets to generate revenue. However, in 2020, Total Asset Turnover experienced a significant decrease to 0.77 times. This shows that the company is less effective in using its assets, resulting in lower revenue or sales than the previous year. 2021 showed improvement, with a Total Asset Turnover of 0.95 times. This indicates an increase in the use of assets to generate revenue, although it is still below the 2019 level. In 2022, Total Asset Turnover increased to 1.12 times, indicating that the company is increasingly efficient in managing its assets to generate revenue. Despite a slight decrease in 2023 to 1.11 times, this value still shows good efficiency in the use of the company's assets.

Overall, fluctuations in Total Asset Turnover (TATO) indicate changes in asset utilization efficiency from 2019 to 2023. The company needs to continue to improve its asset utilization strategy to achieve more consistent and optimal efficiency.

Du Pont System

The Du Pont System provides a comprehensive analysis by linking three crucial ratios: Return On Investment (ROI), Net Profit Margin (NPM), and Total Asset Turnover (TATO). This analysis aims to assess the company's profitability and efficiency in generating profits. Analyzing the data presented, we observe fluctuations in the company's financial performance from 2019 to 2023. In 2019, the company demonstrated a solid performance with an ROI of 11%, supported by an NPM of 10% and a TATO of 2.13, indicating efficient asset utilization for revenue generation. The year 2020 marked a significant improvement, with ROI soaring to 24%, driven by an increase in NPM to 21%, albeit with a decline in TATO to 0.77. However, in 2021, despite maintaining a high ROI of 16%, there was a decrease in NPM to 16% and TATO to 0.95, signaling a decline in asset utilization efficiency. In 2022, the company faced challenges, incurring a loss with an ROI of -14%, attributed to NPM dropping to -18%, despite an increase in TATO to 1.12. Nevertheless, 2023 saw a remarkable recovery, with ROI surging to 28%, accompanied by an increase in NPM to 13% and TATO to 1.11.

Overall, despite fluctuations, the company exhibited resilience, bouncing back from the challenges encountered in 2022. This underscores the company's ability to generate net income and effectively manage assets, indicating a positive trajectory in its financial performance.

5. Conclussion

From the analysis conducted on the income statement of PT Matahari Department Store Tbk (Matahari) during the period 2019-2023, several key findings can be identified:

(a) There are significant fluctuations in the company's financial performance from year to year, especially seen from ROI, NPM, and TATO.

(b) Despite the fluctuations, there is a general trend of improving financial performance from 2022 to 2023, indicated by the increase in ROI and NPM and the relatively stable TATO.

(c) A focus on profitability is key, especially given the fluctuations that occur. This is important to maintain company stability and growth in a competitive market.

Based on the findings above, some suggestions that can be given to PT Matahari Department Store Tbk are as follows:

(a) Improve efficiency in the use of company assets to increase ROI. This can be done by making smarter investments, optimizing operations, and strengthening marketing strategies.
(b) Review the company's cost structure and identify areas where savings can be achieved without compromising on quality. Better cost control can improve profit margins.
(c) Concentrate on increasing sales to improve TATO, which can be achieved through product innovation, store expansion, and strengthening marketing strategies.

By implementing these suggestions, it is expected that PT Matahari Department Store Tbk can improve its financial performance and achieve sustainable growth in the long term.

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