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Analysis of the Effect of Profitability and Solvency Ratios on Share Prices at PT Summarecon Agung Tbk

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Abstract

This research aims to determine the effect of Net Profit Margin, Debt to Equity Ratio on share prices at PT Summarecon Agung Tbk. based on whether PT Summarecon Agung Tbk's financial reports are running well or not. This sample was taken directly from the financial reports on the official website www.summarecon.com. The analytical method used is a quantitative analysis method, the data used is secondary data with data collection techniques in the form of document analysis and literature study. The data analysis technique used is purposive sampling. It can be concluded that the share price at PT Summarecon Agung Tbk experienced fluctuations in 2012 - 2022 which, it can be seen that net profit after tax in 2015 and 2016 decreased, this was caused by losses from two subsidiaries as well as the weakening of the rupiah against the dollar which caused the burden of paying the company's debt. increase. Sales decreased in 2016 - 2020. This was due to raw material commodity prices and an increase in cost of goods sold. Total Debt has increased from 2012 - 2020. Meanwhile, Total Equity has decreased in 2020. Share prices tend to fluctuate at the average share price shown in the last 11 years and this is a factor that hinders the stability of Pt Summarecon Agung Tbk because it is influenced by the level of demand and supply of share prices by investors.

1. Introduction

PT Summarecon Agung Tbk is the holding company of the Summarecon Group which operates in the property and real estate development sector, founded in 1975 by Mr. Ir. Soetjipto Nagaria and his colleagues. This company is a leading property developer in Indonesia. The company's development looks very significant with the company's shares being listed for the first time on the Indonesia Stock Exchange in 1990. It is famous for its products in the form of integrated cities or townships. From these projects, this company is known for its good residential and commercial development integration capabilities. In fact, Summarecon also has various products in the real estate sector. One thing is certain, this company prioritizes a combination of development based on customer skills, knowledge, commitment and dedication. Which is the ins and outs and backbone of several big name projects in capitals and big cities. In this era of globalization, every company tries to show the advantages that its company has in order to survive in increasingly tight business competition. Companies that successfully compete must realize that quality employees have high skills in carrying out their duties. If company employees do not have high work skills, this will have a very bad impact on the company and will hinder the achievement of company goals.

Currently, the capital market has become an alternative place to invest. The development of the capital market in Indonesia plays an important role in economic activities. Apart from that, the capital market is also used as a barometer of a country's economic conditions. The capital market aims to make it easier for investors to expand their business networks and obtain dividends or profits by selling shares. (Darmadji & Fakhrudin, 2020) Share prices are a marker of the success of company management. This means that if shares frequently increase, investors consider the company successful in managing its business (Zulfikar, 2016).

Profitability is a ratio used to measure or assess a company's ability to gain profits (Kasmir, 2016). High profitability shows the company's ability to generate high profits at a certain sales level. This will have a positive impact on the company's performance so that it can raise investor confidence to invest capital in the company so that the higher the profitability, the higher the share price. According to (Harjito & Martono, 2018) Net Profit Margin (NPM) is sales profit after taking into account all costs and income taxes. This margin shows the comparison of net profit after tax with sales.

Solvency is a ratio that aims to measure a company's ability to fulfill its long-term obligations (Hanafi & Halim, 2018). This ratio is useful for knowing the amount of funds provided by borrowers (creditors and company owners). Low solvency can increase investor confidence to invest capital in the company so that it can increase share prices. However, high solvency can cause share prices to decline because the profits earned by the company tend to be used to pay its debts rather than distributing dividends. According to (Hery, 2018) Debt to Equity Ratio (DER) is a ratio used to measure the proportion of debt to capital.

Stock price assessment is fundamental for investors before investing. Share prices are largely determined by supply and demand for the shares themselves. The share prices stated in capital ownership certificates are based on market assessments which are influenced by supply and demand. Share prices in the capital market always fluctuate from time to time. Shares are proof of ownership of capital or funds of a company, paper that clearly states the nominal value, name of the company and is followed by an explanation of the rights and obligations of each holder and inventory that is ready to be sold (Fahmi, 2015).

Table 1. Data on net profit after tax, sales, total debt, total equity and share price in the 2012-2022 financial report of PT Summarecon Agung Tbk. (Presented in millions of rupiah, except share prices).

Year	Net Profit after tax (Rp)	Sale (Rp)	Total Amoun of debt (Rp)	Total Equity (Rp)	Stock price (Rp)
2012	792,085,965	3,463,163,272	7,060,986,827	3,815,399,858	950
2013	1,095,888,248	4,093,789,495	9,001,470,158	4,657,666,667	780
2014	1,387,516,904	5,333,593,142	9,386,842,550	5,992,636,444	1,520
2015	1,064,079,939	5,623,560,624	11.228.512.108	7,529,749,914	1,325
2016	605,050,858	5,397,948,907	12.644.764.172	8,165,555,485	1,325
2017	509,451,941	5,640,751,809	13,308,969,928	8,353,742,063	945
2018	690,623,630	5,661,360,114	14,238,537,503	9,060,704,565	805
2019	613,020,426	5,941,625,762	14,990,297,354	9,451,359,922	974
2020	245,909,143	5,029,984,099	15,836,845,684	9,085,688,540	780
2021	549,696,051	5,567,912,577	14,819,493,511	11.230.223.167	835
2022	771,743,500	5,719,396,239	16,683,534,371	11,750,040,507	605

Source : Secondary data if , 2024

Based on Table 1, it can be seen that net profit after tax in 2015 decreased by Rp. 1.06 billion in 2016, a decrease of Rp. 605.05 Million, 2020 dropped drastically to Rp. 245.90 million, this was caused by losses from two subsidiaries as well as the weakening of the rupiah exchange rate against the dollar which caused the company's debt payment burden to increase. sales decreased in 2016 by Rp. 5.39 billion and in 2020 it experienced another decrease of Rp. 5.02 Billion. This was caused by raw material commodity prices and an increase in the cost of goods sold. The amount of debt has increased from 2012 to 2020 by IDR. 5.62 billion to Rp.

15.83 Billion. Total Equity experienced a decrease in 2020 by IDR. 9.08 Billion. Share prices tend to fluctuate compared to the average share price shown in the last 11 years and this is a factor that hinders the stability of Pt Summarecon Agung Tbk because it is influenced by the level of demand and supply of share prices by investors. The more investors who buy shares, the share price will rise and conversely, the more investors who sell shares, the share price tends to fall. This is an important factor that investors must pay attention to before making a decision to invest.

2. Research Methods

The type of research used in this study is associative (influence) research. Associativity is a statement that shows an assumption about the relationship between two or more variables (Sugiyono, 2019). This research examines the influence of the Net Profit Margin (NPM) (X1) and the Debt to Equity Ratio (DER) (X2) as independent variables on the share price (Y) as the dependent variable. The research instrument used is a list of tables regarding the financial reports of PT Summarecon Agung Tbk, including financial position reports, profit and loss reports, and stock overview reports for 2012-2022. The population is the financial report data of PT Summarecon Agung Tbk, consisting of balance sheet reports, profit and loss reports, and stock overview reports for 32 years, from 1990 to 2022. The sample used is the financial report data for 11 years, from 2012 to 2022, chosen through purposive sampling. The criteria for the sample include audited financial reports and financial reports for the period 2012-2022. The research was conducted at PT Summarecon Agung (Persero) Tbk, located at Summarecon Plaza, Pulo Gadung sub-district, East Jakarta City, Special Capital Region of Jakarta 13210, Indonesia. Data was collected from the company's website (www.summarecon.com).

Data collection techniques include a literature study, which involves gathering library materials related to the research object to obtain supportive theories, and documentation, which involves recording data directly from archival documents, such as audited financial reports. The data analysis techniques used in this study include test assumptions classic, which encompass normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The normality test checks if residual values are normally distributed using the One-Sample Kolmogorov-Smirnov Test. Data is normally distributed if the Asymp Sig (2-tailed) value is greater than 0.05.

The multicollinearity test checks for linear relationships between independent variables in the regression model. Multicollinearity is absent if the VIF value is less than 10 and the Tolerance value is greater than or equal to 0.1. The heteroscedasticity test checks for inequality of variance of residuals using a scatterplot. Heteroscedasticity is absent if there are no clear patterns and dots are spread above and below zero on the Y-axis. The autocorrelation test checks for correlation between residuals in different periods using the Durbin-Watson (DW) value. Autocorrelation is absent if the DW value is between dU and 4-dU. If autocorrelation is present, a Run test can be used, and data is free from autocorrelation if the Asymp Sig (2-tailed) value is greater than 0.05.

Multiple linear regression test connects two or more independent variables with a dependent variable to understand their influence. The regression equation used is $Y = \alpha + \beta1X1 + \beta2X2 + ... + \beta nXn + e$, where Y is the share price, α is the constant value, β1-2 are the regression coefficients, X1 is the Net Profit Margin, X2 is the Debt to Equity Ratio, and e is the error/residue. The coefficient correlation measures the strength of the relationship between variables. The interpretation is based on the coefficient interval: 0.00-0.199 (very weak), 0.20-0.399 (weak), 0.40-0.599 (moderate), 0.60-0.799 (strong), and 0.80-1.000 (very strong). The coefficient determination measures how well the model explains the variation in the dependent variable.

Hypothesis testing includes the t-test,

which tests the significance of each regression coefficient to see the influence of each independent variable on the dependent variable. H0 is rejected if the probability value is less than or equal to 0.05. The F-test tests the overall significance of the regression model to see the simultaneous influence of all independent variables on the dependent variable. H0 is rejected if the probability value is less than or equal to 0.05.

3. Results a nd Discussion

3.1 Results Research

a. Classic assumption test

1) Normality test

Table 3.0
Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		11
Normal Parameters [a, b]	Mean	.0000000
	Std. Deviation	.23045801
Most Extreme Differences	Absolute	.133
	Positive	.133
	Negative	-.097
Statistical Tests		.133
Asymp . Sig. (2-tailed) [c]		,200 [d]

Source: spss output version 27.

Based on table 3 in the One-Sample Kolmogorov-Smirnov Test above, it can be seen that Net Profit Margin (X1), Debt to Equity Ratio (X2), and Share Price (Y) have a significant value of 0.200 which meets the requirements for a normal distribution > 0 .05. This means that the normal assumption is met..

2) Multicollinearity Test

Table 4 Multicollinearity Test

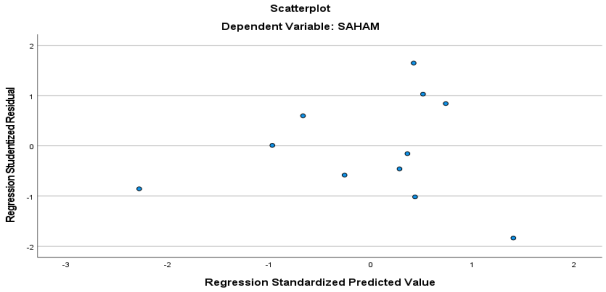
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	8.116	,536		15,128	,000		
	NPM	-.019	,346	-.015	-.055	,958	,982	1,018
	DER	-.753	,319	-.644	-2,363	,046	,982	1,018

Source: spss output version 27.

Table 4 on shows the tolerance value of the variables *Net profit margin* (X1), *Debt to Equity ratio* (X2) greater than 0.10. Each VIF value obtained is <10, so there is no multicollinearity between the independent variables in the regression model.

3) Heteroscedasticity Test

Figure 2. Scatter plot



Source: spss output version 27

From Figure 2, the scatter plot shows that the data points are spread above and below or around the number zero (0) on the Y axis and the distribution of these data points does not have a particular pattern. This identifies that heteroscedasticity does not occur so that this regression model is suitable for use in research.

4) Autocorrelation Test

Table 5 . Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,646 [a]	,417	,271	.25766	1,011

Source: data processed by SPSS version 27.

Based on table 5 on is known mark *DW* is 1.011 with amount sample 11 (n) and amount variable independent 2(k) which lies between mark dU and 4-dU (1.604 > *1,011 < 2,396*), so can be concluded there is no autocorrelation problem. For data healing if happen symptom autocorrelation can use other methods such as *run* tests as following :

Table 6 . Run Test Results

	Unstandardized Residuals
Test Value [a]	-.03693
Cases < Test Value	5
Cases >= Test Value	6
Total Cases	11
Number of Runs	5
Z	-.612
Asymp . Sig. (2-tailed)	,540

Source: spss output version 27.

Seen in the table 6 above , value *Asymp. Sig. (2-tailed)* of more than 0.540 big from αwhich is set at 5% (0, 540 > 0.05), then can concluded that No happen symptom autocorrelation in the regression model This .

b. Multiple Linear Regression Test

Table 7
Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.116	,536		15,128	,000
	NPM	-.019	,346	-.015	-.055	,958
	DER	-.753	,319	-.644	-2,363	,046

Source: spss output version 27.

From the results analysis regression , can an equation model is formed regression multiple as following :

Y = 8 , 116 – 0.0 19 X1 – 0 , 753 X2 + *e*

Based on equality that , then can interpreted as following :

a. Constant value (α) of 8.116 shows that quality price share before exists variable independent is amounting to 8,116.
b. *Net profit margin* (X1), the magnitude mark

coefficient regression NPM is -0.019 show that happen influence negative between *Net profit margin* to stock price . It means every variable 1% increase NPM so Stock price experience decline of -0.019

c. *Debt to Equity ratio* (X2), with coefficient GPM regression of - 0.753 show that happen influence negative between *Debt to Equity ratio* to Share Prices. It means every variable 1% increase *Debt to Equity ratio* , then stock price experience decline as big as -0.753.

d. Correlation and determination analysis

1) Correlation

The results of the correlation coefficient in table 5 can be shown with an R of 0.646 or 64.6%, which means that the correlation or relationship between the independent variables consisting of *Net Profit Margin* (NPM) and *Debt to Equity Ratio* (DER) to the dependent variable, namely share prices, together have a strong relationship.

2) Determination

The results of the coefficient of determination (R square) in table 6 are shown with a value of 0.417 or 41.7%. This means that 41.7 % of the share price variable can be explained by the NPM and DER variables while the remaining 58.3 % is explained by other factors outside the research.

e. t Test (Partial)

1) Influence *net profit margin* (NPM) to stock price

Based on table 7 above, the results of the t test for the net profit margin variable on share prices obtained a calculated t value of -0.055 with a t table value of 1.860 (-0.055 < 1.860) and a significance value of 0.958 which is greater than 0.05 (0.958 > 0, 05), then the first hypothesis (H1) which states "net profit margin influences share prices" is rejected. This can be caused by elements based on the Net Profit Margin itself, NPM only describes a company's ability to generate income, but is not enough to describe the development and prospects of a company, because basically large income must also be balanced with minimal costs. Possible. occurs in carrying out a company's processes. NPM is also unable to describe the level of return that investors will receive from purchasing company shares. Therefore, it is not something investors do to take NPM into account as a determinant of their investment.

Research Results This is in line with research conducted by (Ramadhani & Zannati, 2018), (Hasanudin, 2020), (Machfiroh & Pyadini, 2018), namely that Net Profit Margin (NPM) does not have a significant effect on stock prices.

2) Influence *Debt to equity ratio* (DER) to share prices

Based on table 7 above, the results of the t test for the Debt to Equity Ratio variable on share prices obtained a calculated t value of -2.363 with a t table value of 1.860 (- 2.363 < 1.860) and a significance value of 0.046 which is smaller than 0.05 (0.046 < 0.05), then it can be concluded that the second hypothesis (H2) which states that "Debt to equity ratio" has an effect on share prices" is accepted. This shows that the costs incurred by the company are not efficient enough, so that the company is not able to obtain the maximum possible price distribution and reduces the profits obtained by the company. The results of this research are in line with (Levina & Dermawan, 2019) which states that solvency has a significant influence on stock prices.

3) f Test (Simultaneous)

Table 8 . F Test Results (Simultaneous)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,380	2	,190	2,862	.115 [b]
	Residual	,531	8	,066		
	Total	,911	10			

Source: spss output version 27

From table 8 above can is known calculated F value as big as 2,862 with table F value as big as 4,459 (2,862 < 4,459) and value significance of 0.115 more big of 0.05 (0, 115 > 0.05). So can concluded that hypothesis third (H3) which states that *Net profit margin n* and *Debt to equity ratio* influence on share prices. **Rejected.** Research result This is in line with research (Nabella et al., 2022) the influence of *net profit margin, Debt to equity ratio* on share prices. The research results show that simultaneously No influential significant impact on share prices.

4. Closing

5.1 Conclusion

Based on results research above , then can taken conclusion that :

a. *Net profit margin* (NPM). Partial No influential significant to share price at PT Summarecon Agung Tbk .
b. *Debt to equity ratio* (DER) on a regular basis Partial influential significant to share price at PT Summarecon Agung Tbk .
c. *Net profit margin* (NPM), *Debt to equity ratio* (DER) on a regular basis simultaneous No influential to share price at PT Summarecon Agung Tbk.

5.2 Suggestions

a. Study furthermore recommended For add variable other For measure stock prices such as DAR, ROA, ROE, and GPM .
b. Research result This expected can used as material comparison For reference as well as as material consideration For more deepen study furthermore .
c. For investors or potential investors who will embed the capital in something company , preferably Don't only racing on analysis ratio This just Because Still Lots other factors do not mentioned in study this is what can show mark company based on price the shares .

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