

The Effect of Net Profit Margin Ratio (NPM) and Debt to Equity Ratio (DER) on Share Profit at PT.Bumi Resources Tbk Indonesia

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Abstract: This study aims to determine the effect of Net Profit Margin and DER to share profits simultaneously, to determine the effect of Net Profit Margin on partial share profits, and to know the effect of DER on partial share profit s. Research conducted on at PT. Bumi Resources Tbk. The company is part of the company that entered in LQ 45 group in Indonesia Stock Exchange. The data involved were observed monthly from 2008 to 2016.

The results were known that Variable Net Profit Margin and DER have no effect to share profits simultaneously. F-value count of 0.011 and significance of 0.989. This value is greater than 0.05. The r-squared value of 0.% means that the Net Profit Margin and DER variables affect the stock price by 0% while the rest is influenced by other variables that are not included in the equation model.

The NPM variable has no effect on partial share profits. The value of t is -0.118. The significance value of 0.906. The value of this significance is greater than 0.05. The value of r-squared is 0.00. This means that the effect of NPM variable on share profit is 0.0% and the rest is influenced by other variables that are not included in the equation model.

The DER variable has no effect on partial a share profit . The value of t is 0.099. The significance value of 0.921. This value of significance is smaller than 0.05, r-value of squared by 0,0. This means that the effect of Net Profit Margin variable to stock price is 0.0% and the rest is influenced by other variables that are not included in the equation model.

Keywords: Net Profit Margin, DebtEquityRatio, Profit Share

Introduction

Before buying stocks a stock analysis is needed to determine whether the stock is worth buying or not and to find out if the stock price is expensive or not. According Syamsudin (2004), "there are two methods commonly used by analysts to analyze stock prices, namely fundamental analysis is the analysis that studies the relationship between stock prices with the condition of the company, by looking at economic indicators, especially related to the appearance of companies such as sales volume, wealth, profits, etc. Fundamental analysis is conducted with the objective of fundamental aspects of a firm that plunges into the capital market. Basically, the fundamentals of fundamental analysis assess the investment in the form of dividends and the prospect of the company. Basically, this approach emphasizes the value or price of a stock based on the value or price of a stock based on the level of return to be obtained from the stock. This method is to calculate the financial statements of the company so that the financial ratios will be obtained that is the information of the issuer.

Technical analysis is the opposite of fundamental analysis because it emphasizes on the external factors of issuer companies that influence the ups and downs of stock prices and the ups and downs of demand and stocks. The way used to analyze the stock is to observe stock price for several periods, then made a graph/table. Such an approach holds that stock prices are influenced by a certain fashion flow, without prejudice to external factors, such as economic policies and so on.

The rate of return of shares or called stock returns is obtained by dividing the difference between the stock price at a certain moment and the share price of the previous period then divided by the share price in the previous period. Stock returns are then linked to stock risk. In the theory of Capital Asset Pricing Model (CAPM) proposed by Sharp, Lintner, and Mossin (1970), the rate of share profits is influenced by market profits. In the theory of Arbitrage Pricing Theory (APT) proposed by Roll and Ross (1980) the rate of profit share is predicted both the characteristic factors of the company and macroeconomic factors. The fundamental factors of the company considered in this research are Net Profit Margin and Debt-Equity Ratio. While macroeconomic factors are not included in this study considering the fundamental factor is considered more dominant than external factors.

Indonesia Stock Exchange (IDX) has released the list of shares that entered the LQ45 index or the most liquid stocks in the Indonesian capital market during February-July 2017. The shares are included in the latest LQ45 index, one of which shares PT Bumi Resources Tbk (BUMI). Trading calculations on LQ45 are based on liquidity. Of course, BUMI trading in the last few months, plus an increase in the price in the coal sector makes the interest of BUMI shares increase. Satrio further explained, "if we look at the condition of BUMI share now plus the improvement of the mining sector then we can be sure that EARTH will last long enough on an LQ45 index."

The rate of share profit can be described as follows

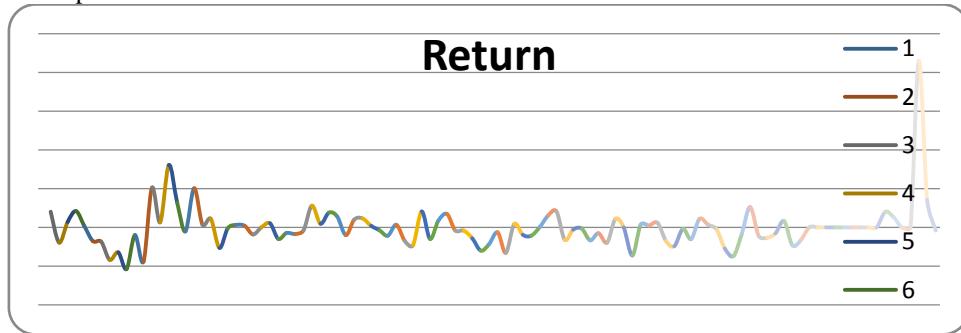


Figure 1. Profit Share of the Company

The profit rate of the company's stock is calculated monthly from 2008 to 2016. The profit rate of the company's stock fluctuates. The lowest value is in the tenth period while the highest is in the 107th period. The factor indicated to have an impact on the stock's profit is the net profit margin value. This value is derived from dividing profit by sales. The development of these values can be seen in the following figure.

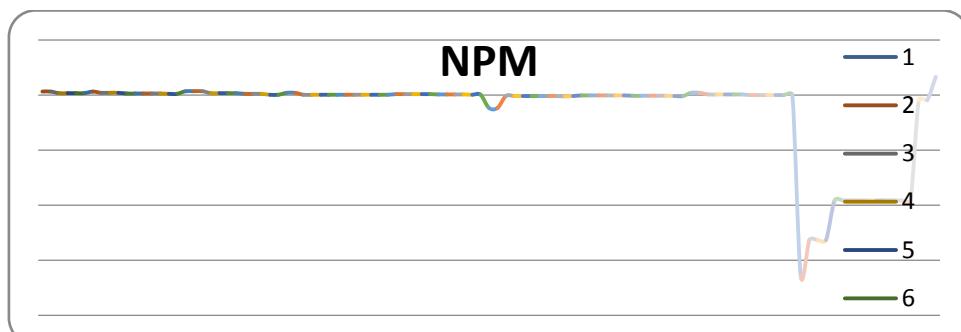


Figure 2. Development of Net Profit Margin Company Value

Based on Figure 2 it can be seen that the lowest firm NPM value is in the period to 92. Another influential factor is Debt Equity Ratio (DER). The value is obtained from the distribution of debt with own capital. The growth of company DER can be seen in the following figure.

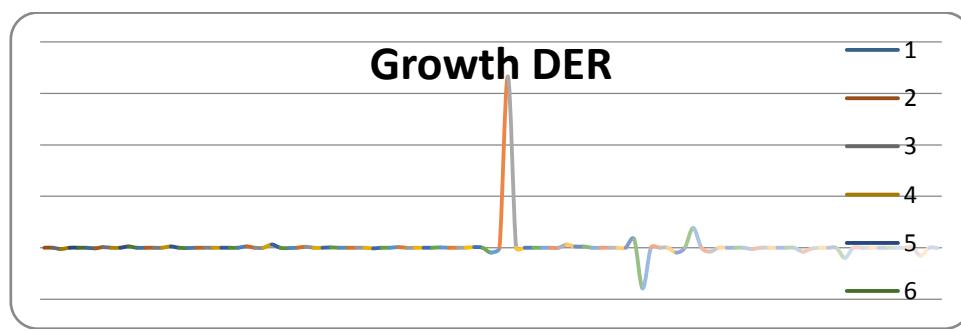


Figure 3. Growth of DER

Based on Figure 3 it is known that the highest DER growth is in the 97th period while the other periods show relatively constant growth.

Literature Review

Profit Share

The gain of shares is derived from the difference in the gain of the stock at a certain time less the gain of the previous stock shares and then the share profit of the previous share. Stock Profit Shares represent the present value of the cash flows to be received by the shareholder in the future. According to Anoraga (2007: 100) "profit share shares are money spent to obtain evidence of participation or ownership of a company". The profit of stock shares can also be interpreted as profit shares that are formed from the interaction of the sellers and buyers of shares on the back of their expectations of corporate profits, for which investors need information related to the formation of shares in a decision to sell or buy shares.

The gain in stocks is the share profit that is formed on the stock market. In general, the share profit is obtained to calculate the value of its shares. The further the difference, then this reflects too little information flowing into the stock exchange then the stock shares tend to be influenced by the psychological pressure of the buyer or seller. To prevent this, the company should at any time provide sufficient information to the stock exchange, as long as the information affects the stock market share profits. Attempts to include how to calculate actual stock share profits have been made by each analysis in order to obtain a satisfactory rate of return. Nevertheless, it is difficult for investors to continue to beat the market and gain above normal levels of profit. This is due to the variables that affect the stock's share profits, in fact, those variables into a calculation model that can be used in owning shares which will be included in the portfolio.

In the practice of stock trading, the value of the shares is differentiated by way of transfers and benefits gained for shareholders. According to Rusdin (2006), "the value of shares is divided into three types:

1. The nominal value is the value listed on the relevant shares that serve for accounting purposes. The nominal value of a share must exist and be included on the letter of share capital stock in rupiah currency, not in foreign currency.
2. The basic stock gain of a stock is closely related to the stock market gain of a stock. In principle, the basic stock gain is determined by the initial share profit when the shares are issued, the basic share profit will be changed in accordance with the actions of issuers related to stocks, among others: Right issue, Stock split, warrant, and others. The basic share profit is used in the calculation of the stock's share profit's index.
3. Market share profit's are the easiest stock gains to determine because the profit of a stock market is a share profit on a stock in an ongoing market. If the market of an effect is closed then the gain of stock market shares is the closing price gain. So the profit of this stock market that states the rise and fall of a stock.

Investors will expect a profit rate. while the rate of profit can be calculated by the formula below.

Level of Profit Share / Market

Formula:

$$\frac{P_2 - P_1 + \text{Div}}{P_1}$$

Where :

- P1 = Price Before
- P2 = Current price
- Div = Dividend (if any)

(Weston and Brigham, 2008)

Stock prices reflect one of the company's performance. Company performance that can be seen from the level of achievement of the company's profit will be addressed by the investor well by buying the shares of the company because it is considered to provide benefits as expected. But in this case, the company's stock price does not reflect the expected profit level.

The price of shares can be classified into three ie the previous price, the closing price, and the opening price. The past price of the stock is the stock price before the current period while the closing price is the price at the time of the capital market closing on the stock exchange. The opening price is the stock price at the time the stock market is closed.

Financial Ratios

Financial management is one of the main parts of management science. Understanding Financial Management is all the activities of business entities (organizations) within the framework of the use and allocation of funds business entities (companies) with efficient. this understanding undergoes various developments starting from the understanding that just merely prioritize the activities to get/obtain funds only to include the activities of getting, the use of funds to the management of assets (assets).

Financial management is the management of financial functions, and the function of financial management is how to use and place the existing funds, functions that exist in the company should be implemented properly considering the functions of existing functions are interrelated with each other.

Financial management is a process in the company's financial activities related to efforts to obtain corporate funds and minimize the cost of the company and also the financial management efforts of a business entity or organization to be able to achieve the established financial goals.

Riyanto (2010) defines that financial management is the overall activity of the company that deals with the effort to obtain the necessary funds with minimal cost and the most favorable terms and the effort to use the funds as efficiently as possible. Husnan (2011) defines that financial management is the implementation of management of financial functions. Horne (2010) all activities related to the acquisition, financing, and management of assets with the overall purpose.

Based on the above matter financial management is one of the main parts of management science. Understanding financial management is all the activities of business entities (organizations) within the framework of the use and allocation of funds business entities (companies) with efficient. this understanding undergoes various developments starting from the understanding that just merely prioritize the activities to get/obtain funds only to include the activities of getting, the use of funds to the management of assets (assets).

Financial management is not just an accounting record. Financial management is an important part and can not be considered as a separate activity that is part of the work of financial people.

One important aspect of this financial management discussion is the analysis of financial ratios. Financial ratio is an analytical tool used by companies to assess financial performance based on comparative data of each post contained in financial statements such as balance report, profit / loss, and cash flow for a certain period.

Financial report aims to provide an overview of the financial position and performance of the company that can be used as a guide in making business decisions. Financial Statement Analysis is performed by analyzing each post contained in the financial statements in the form of the ratio of financial position in order to maximize the performance of the company for the foreseeable future.

Each closing period of the end of the month typically prepares and prepares Financial Statements consisting of Balance Sheet Reports, Profit Loss, Cash Flows, Changes in Capital, and the Report is submitted to the head of the company. The common thing that happens is that they only focus on the Income Statement, but there are more important things that need to be presented in the submission of this report is on Financial Statement Analysis.

Financial Ratio Purpose

The main purpose of financial statement analysis is as follows:

1. As a barometer tool for forecasting or projecting financial position in the future.
2. Review the current state of the company, problems in management, operations and, finance.
3. Measuring tool for efficiency in all departments of the company.

Financial Ratio Method

In analyzing the financial statements there are several methods that can be used as a benchmark to assess the company's financial position, among others:

1. Method of Growth Analysis

Analytical techniques are compiled by comparing the increase or decrease in the position of financial statements in a certain period with the other periods of each post contained in the financial statements using the percentage value.

The data presented can be by comparing the increase or decrease of each last month's financial statement post with the current month, or the period of Year to Date the same period last year with now.

2. Trend and Index Methods

Analytical techniques are similar to the Growth Analysis Method but the comparable figures are the financial statements of the specified periods that are indexed and selected as the base year. This trend technique is useful for projecting financial statements in the future by using historical data.

3. Ratio Analysis Method

Analytical techniques by comparing each of the relevant financial report items or significant data.

Current Ratio (CR)

One of the financial ratios used to measure the level of corporate liquidity is the ratio of a Current Ratio (CR). The level of liquidity indicates a company's ability to meet its short-term corporate liabilities or debts. The short-term here uses less than 1 year.

The current ratio is obtained by dividing current assets by current liabilities. Current assets are assets that use less than one such as cash, accounts receivable, equipment, expenses paid in advance and so forth.

Understanding the use of less than a year is that assets such as receivables collection period less than one year. Receivables represent claims derived from credit sales companies. The bill is duration weekly and at most not for up to one month. Equipment is said to be current assets because the use of current assets such as printer ink and paper or other office stationery is not more than a few days.

Current liabilities represent liabilities arising from credit purchases. The repayment of the obligation is also less than one so that it can be incorporated into current liabilities. Current liabilities may arise from credit purchases, agreements with notes and debts from banks that have a duration of less than one year.

Current Ratio, the ratio to measure the company's ability to pay short-term financial liabilities by using current assets.

The formula calculates Current Ratio:

$$\text{Current Ratio} = \text{Current Asset} / \text{Current Debt} \times 100\%$$

1. For investors (external), whether individuals or business entities, know the liquidity level of prospective investee companies is important to decide whether to invest there or not (they expect a smooth dividend payout.)
2. For corporate managers (internal), knowing their own paying ability is also very important to determine the business strategies that will be applied (they want a plan that is not only good but also realistic).

Current asset

Each company must have assets for operations, financing, or for investment. Without assets, a company cannot perform its activities. Basically, the asset or often referred to as an asset is all the property owned by a particular company and the wealth that will be used by the company to conduct its business operations. Assets or assets are closely related to liabilities and equity, in addition to part of the balance sheet elements, as well as their inherent acquisitions.

Assets are all assets owned by a company, which is meant by this wealth is a resource that can be objects or rights controlled and which previously obtained by the company through transactions or events/activities of the past. To be acknowledged as such assets, property or resources must be measured using currency units, can be dollars, dollars, or other currencies depending on the situation and conditions that accompany.

Basically, assets can be classified into two main parts namely current assets and non-current assets. Before going any further we talk about current assets and non-current assets it's good we first see the understanding of assets. assets are resources controlled by the company as a result of past events and from which future economic benefits are expected to be obtained by the company.

Current assets are cash and other assets or resources that are expected to be realized into cash or sold or consumed during the normal business cycle or within a year, whichever is longer.

Which belongs to the group of current assets are:

- a. Cash or cash that can be used to finance a company's operations.
- b. Short-term investments (marketable securities) are temporary investments with a view to utilizing cash that is temporarily unnecessary in operations
- c. Accounts receivable payable, are company bills to other parties stated in a draft or agreement as stipulated in law, therefore, money orders have legal force and are more assured of expansion and may be traded or discounted.
- d. Accounts receivable are billed to other parties (to creditors or customers) as a result of the sale of merchandise on credit.
- e. Inventories, are all traded goods which until the balance sheet date is still in the warehouse or not sold in the sale.
- f. Accounts receivable income or income that must still be received is income that has become the company's rights because the company has provided services or achievements but not yet received payment.
- g. Prepaid expenses is the expenditure to obtain services or achievements of other parties but the expenditure has not been the cost or service/achievements of others have not enjoyed by the company in this period but in the next period.

Current Assets, are the most liquid assets, meaning the fastest to convert/convert into cash or cash, and current assets have a cycle/turnaround and a relatively short period of use, ie one year. This asset does not mean it is only useful in one year, but because of the very fast turnover of assets that previously easy to exhaust, and will be replaced with other assets, so on until the end of the year, there should be a book cover.

Non-current assets, these assets are assets with long cycles and useful lives, which must be more than one year. This asset is divided into three, namely fixed assets, intangible assets, and long-term investments.

Long-term investments, these assets include any long-term investments previously or now made by the company. For example, company A invests in company B, then company A should record its assets in the form of investment in the balance sheet.

Fixed assets, are physical intangible assets and are used and utilized for the continuous production of goods and or services by the company. The company owns this asset is not intended for resale, but only for production only, and this asset will only be sold when the assets are considered less useful, out of benefit, need to be replaced, damaged, and so on. Examples of assets included in fixed assets are as follows:

- Soil
- Buildings
- Machine
- Vehicles
- Tools
- etc

Intangible assets, this asset is an invisible asset but has value for the benefit of the company. Examples of intangible assets are as follows:

- Patent
- Copyright
- Building rights
- Lease rights
- Goodwill
- And others

Leverage Ratio

The debt ratio (leverage ratio) to measure how much the company's ability to meet all the long-term financial obligations. Debt ratio to measure how much the company is financed by the creditor compared to the assets owned

The formula for calculating leverage ratio:

$$\text{Ratio of leverage Ratio} = \text{Total Debt / asset} \times 100\%$$

Note: The higher the percentage value of this Solvency Ratio is the worse the company's ability to pay its long-term liabilities, the maximum value is 200%

Debt

Debt is an instrument that is quite important for a company, let alone to meet the needs of business operations or for investment capital. Because of its importance, almost all companies have debts. Debt is an instrument that is quite important for a company, let alone to meet the needs of business operations or for investment capital. Because of its importance, almost all companies have debts.

Debt is part of the effect, RI Law no. 8 Year 1995 Chapter 1 Article 1 Paragraph 5 Concerning Capital Market, Securities are securities, which may be debt instruments, commercial securities, shares, bonds, debt certificates, units of collective investment contracts, futures contracts on securities, and any derivative of the effect. Further, the debt is all the financial obligations of the company to other parties that have not been fulfilled, and the debt is the source of funds or capital of the company that comes from creditors.

In accounting theory, debt is defined as the future economic sacrifice made by the company in the form of delivery of assets, services, as a result of past transactions or events. The economic sacrifice means the surrender (to be spent) by the company in the form of an asset or service (a service may mean an order that has not been fulfilled but already received its payment). While the meaning of past transactions is a transaction made by the company to cause the debt, for example: borrowing to the bank or other parties, receive orders with down payment, and so forth.

So, we can understand that the debt can not only be cash but can also be an order that has not been fulfilled. Well, this debt is also divided into 3 types, namely short-term debt, medium-term debt, and long-term debt.

Short-term debt is a financial obligation of a company whose payments will be made in the short term (one year from the balance sheet date) using current assets owned by the company. Medium term debt is a debt that has a general period of more than one year and less than ten years. Then the term long-term debt is a form of agreement between the borrower and the creditor, the creditor is willing to provide a certain amount of loan

and the borrower is willing to pay periodically covering interest and loan principal, long-term debt has a term of more than 10 years.

Until now, the classification of types of debt is still different, some say that debt is divided into two (short and long-term), but some say that debt is divided into three (short, medium, and long-term). This difference is not a big problem, just understand and know all the types of debt above.

Financial Ratio or Financial Ratio is known as a financial analysis tool used to assess the profit share of a business organization and viewed from the comparison of financial data. Comparison of this financial data will be listed on the post-financial statements. The use of this Financial Ratio will show the value of the share profit of the company whether it is considered good or not. This ratio can also provide an overview of the current stock profits projected into the future. The benefit is for analysts to help managers as decision makers consider crucial things before deciding on company operations.

Financial ratios are not just one of a kind. There are several kinds of ratios. The explanations and formulas will be briefly described as follows.

Before entering into a more detailed division, keep in mind the outline of the financial ratios. There are 4 kinds of financial ratios commonly used in Indonesia, including Liquidity Ratio, Solvency Ratio, Rentability Ratio, and Activity Ratio.

Liquidity Ratio

Liquidity Ratio is the ratio or ratio that can project the company's ability to pay off its obligations. Such obligations are usually in the form of short-term debt. When the company has a good liquidity ratio, meaning it has the ability to pay off the short-term debt, the company will be referred to as a 'Liquid Company'. Whereas if it turns out in the calculation of the ratio he considered not have enough ability to pay off short-term debt, the company will bear the title of 'Liquid'. The liquidity ratio is not a single ratio. There are several types of ratios included in the liquidity ratio, including:

Current Ratio

Current Ratio is the ratio that compares the current assets with current debt. This ratio will project the capability of the company symbolized by current assets in covering the current debt held. Some of the things that are classified as current assets are cash, receivables, inventories, and some other assets. Meanwhile, which included in the current debt, among others, trade payables and money orders, bank debt, salary debt, and so forth. The formula for calculating Current Ratio is as follows:

$$\text{Current Ratio} = (\text{Current Assets} : \text{Current Debt}) \times 100\%$$

From the formula, when the value of Current Ratio reaches 100% or equivalent to value 1, it means the company has the ability to cover the current debt with current assets of equal value. Thus, the greater the value of Current Ratio reflects the ability of the company which is also increasingly large and able to cover the debt smoothly.

Quick Ratio

Also called Liquid Ratio or Acid Ratio. Quick Ratio is the ratio between current assets minus inventories and current debts. This ratio is more visible on the components of current assets are more liquid such as cash, letters of stock shares, and accounts receivable. The formula for calculating Quick Ratio is as follows:

$$\text{Quick Ratio} = [(\text{Current Asset} - \text{Inventory}) : \text{Current Debt}] \times 100\%$$

From the formula, when the value of Quick Ratio reaches 100% or equivalent to the value of 1, it has been said to be a powerful company that is strong because it has current assets that can cover the debt smoothly. The greater the value of the Quick Ratio obtained shows the company's strength. Even so, a healthy company should not always be seen from its Quick Ratio value equal to 1. Sometimes, a value below 100% but close to 100% can also reflect the company's strength in covering their current debt with current assets owned.

Cash Ratio

Cash Ratio is the ratio between cash and current assets with current debt. This current asset is expected to be immediately disbursed in cash. Cash is meant here is equivalent to the money in the company that is stored in the office or bank. In addition, there are cash equivalents such as liquid assets that are easily disbursed but this has the impact of the impact of economic conditions of the country concerned. The formula to calculate the Cash Ratio is as follows:

$$\text{Cash Ratio} = [(\text{Cash} + \text{Cash Equivalents}) : \text{Current Debt}] \times 100\%$$

A good Cash Ratio is 100% or more because this value will describe the company's strength in covering their current debt using cash and cash equivalents. Even so, the value of Cash Ratio below 100% close to 100% can also be considered to illustrate the strength of the company is good enough in covering their current debt.

Solvency Ratio

Solvency Ratio is the ratio or ratio that describes a company's ability to meet their financial obligations. This includes long-term liabilities and short-term liabilities. Companies that are classified as solvable is a company that has assets or assets that are relatively enough to pay all the debts it has. When the company is unable to pay all debts with all its assets, the company is said to be unsolvable.

There are two types of ratios that are included in the solvency ratio, namely:

Total Debt to Total Assets Ratio

Total Debt to Total Assets Ratio or better known as Debt Ratio is a comparison that measures the large percentage of funds that come from debt, both short-term debt and long-term debt. Measure Debt Ratio This uses the following formula:

$$\text{Debt Ratio} = (\text{Total Debt: Total Assets}) \times 100\%$$

From the formula, when the value of Debt Ratio is smaller, then the value describes the security of corporate funds. The formula communicates that a company's ability to cover the debt with assets.

Debt to Equity Ratio

Debt to Equity Ratio is the ratio between the debt of the company and the capital it has. When the value of this ratio is relatively high (reaching 100% or more), it means the company has relatively little capital compared to its total debt. In fact, a healthy company has a debt level that does not exceed its own capital so that the company's burden is not too high. From the explanation we can make a simple formula Debt to Equity Ratio is as follows:

$$\text{Debt to Equity Ratio} = (\text{Total Debt: Capital}) \times 100\%$$

Rentability Ratio

The third point discusses the Ratio of Profitability which is the ratio to measure a company's ability to get the profit they want. This ratio is considered to be most related to the survival of the company. Rentability Ratio is not a single ratio because in it there are several ratios that measure that ability, including:

Profit Margin

Profit Margin is a ratio that measures a company's ability to generate net profits at a predetermined level of sales. Usually, Profit Margin will already be listed on how to create Income Statement. This ratio allows users to interpret the company's ability to keep costs down for a certain period. The formula of Profit Margin is as follows:

$$\text{Profit Margin} = (\text{Net Income: Sales}) \times 100\%$$

When we get a value close to 100% in this ratio, it can be said that the company has a relatively high ability to collect net income.

Gross Profit Margin

Gross Profit Margin is a comparison that measures gross profit on net sales by a company. This ratio measures the extent to which gross profit the firm can afford on each sale. The higher Gross Profit Margin value reflects the company's better financial condition. The Gross Profit Margins formula is as follows:

$$\text{Gross Profit Margin} = (\text{Gross Profit: Net Sales}) \times 100\%$$

Net Profit Margin

Net Profit Margin or in the Indonesian language is referred to as Net Profit Margin is a measuring tool net profit earned companies per one unit of sales currency. In addition, this ratio also measures the efficiency of production, administration, to tax management. From the formula obtained, if the value of this ratio is relatively high (close to 100%, 100% or more than that) then the company is said to have the ability to generate high profits. The Net Profit Margin formula is:

$$\text{Net Profit Margin} = (\text{Net Income After Tax: Net Sales}) \times 100\%.$$

Return On Investment (ROI)

Return On Investment is a relatively common ratio used to measure the ability of an eclectic company to generate profits to close the accounting system for the investment costs already incurred. For the record, the calculation of this ratio involves the profit which is the net profit after tax (EarningAfter Tax). The formula of this ratio:

$$\text{Return On Investment} = (\text{EAT: Investment}) \times 100\%$$

Return on Assets (ROA)

Return on Assets or Economic Rentability is a ratio that shows the company's ability to generate profits by utilizing all of its assets. Profits generated according to the calculation of this ratio are earnings before interest and taxes or often called EBT. The higher the value of the ratio obtained, the better the company's ability to earn profits by utilizing all its assets. The ROA formula is:

$$\text{Return On Assets} = (\text{EBIT: Total Assets}) \times 100\%$$

Activity Ratio

Activity Ratio is the ratio that measures the effectiveness of a company to take advantage of all the resources they have. Ratios classified in this Activity Ratio will involve a comparison between sales and investments in different types of assets.

Receivable Turnover

Receivable Turnover is the ratio to measure the effectiveness of the management of receivables owned by a company. How to measure it is to calculate how the average receivables collected in a year. The receivable turnover formula is as follows:

$$\text{Receivable Turnover} = \text{Net Sales: Average Accounts Receivable}$$

From the formula, if the value of the high receivable turnover ratio (more than 1) then it means the company has a high effectiveness of receivables management as well.

Inventory Turnover

Inventory Turnover is a ratio that also reflects the liquidity of a company by measuring the level of efficiency of the management of the company and also the sales of their inventory. If the calculation result of this ratio is high (usually will be more than 1), then the company is believed to have the effectiveness of inventory turnover and also gain share management shares of the company. The formula of this ratio is:

$$\text{Inventory Turnover} = \text{Gain on Sale of Goods Sold: Average Inventory}$$

Fixed Assets Turnover

Fixed Assets Turnover is a ratio that measures a company's ability to generate sales based on its fixed assets. This ratio assesses the effectiveness of companies in utilizing their fixed assets. When the value of the ratio is high, the company is reflected to have the effectiveness of a high proportion of fixed assets. This ratio becomes an important calculation when used in companies engaged in an industry with a high proportion of fixed assets. The fixed assets rotation formula is:

$$\text{Fixed Assets Turnover} = \text{Sales: Total Assets}$$

Total Asset Turnover

Total Asset Turnover is the ratio to calculate the effectiveness of the total use of company assets. If the value of this ratio is high, then the company can be judged as a company with a good management system. However, when the value of this ratio is relatively low (less than 1 or near zero) then the company can be judged to have poor management, both in strategy, marketing, until the expenditure for investment. The Total Asset Turnover formula is as follows:

$$\text{Total Turnover Assets} = \text{Sales: Total Financial}$$

Research Methods

Research Design

This research uses explanatory analysis approach. This means that each variable presented in the hypothesis will be observed through testing the causal relationship of independent variables to the dependent variable. Relationships between variables can be described as follows:

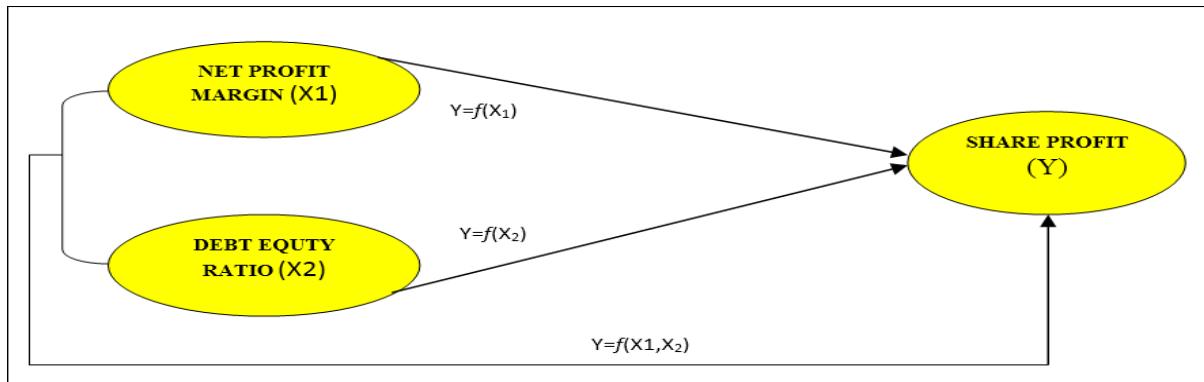


Figure 1. Research Design

Such phenomena can be designed through the following mathematical functions:

1. Model 1 (one)

The effect simultaneously between X1 (Net Profit Margin), X2 (Debt to Equity Ratio) to variable Y (profit share) can be formulated by $Y = f(X_1, X_2)$

Assuming the probability of the predictor variable is the same

2. Model 2 (two)

The effect of the independent variable X1 (Net Profit Margin) on the Share Profit (Y) can be formulated by $Y = f(X_1)$

Assuming the probability of the predictor variable is not the same. This analysis is sub regression analysis as follows:

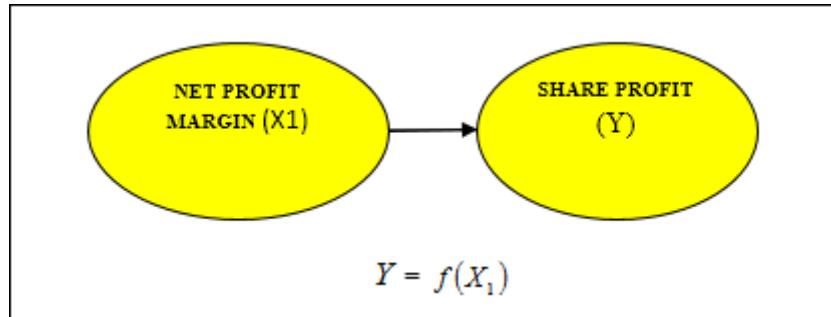


Figure 2. Regression Analysis of Equation One

1. Model 3 (three)

Partial influence between variable X2 (Debt to Equity Ratio) to Share Profit(Y) can be formulated by $Y = f(X_2)$

Assuming probability of predictor variable is not the same. This analysis is sub regression analysis as follows:

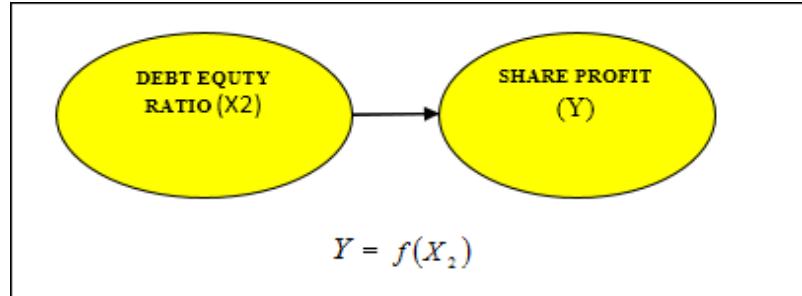


Figure 3. Regression Analysis of the Second Equation

Object of Research

Research conducted on shares of PT. Bumi Resources Tbk. The shares of the company are included in LQ 45 shares in the Indonesia Stock Exchange.

Data Collection Technique

To obtain a concrete and objective data must be held research on the problems studied, while the steps that researchers took in the collection of data are:

a. Primary data

Primary data is data obtained directly from the object of research, In this case, the primary data obtained from field research that is data collection method do premise direct research on the object of research in question.

b. Secondary data

Secondary data is data obtained indirectly from research object. In this case, the secondary data obtained from the library research data collecting method that is done by studying and understanding the literature of the book the work of authors who can answer basic theory.

Research Result and Discussion

The Effect Of NPM And DER On Share Profits

Linear analysis model can be seen based on a calculation by using SPSS program as follows.

Table 1. Results of First Equation Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	-,001	,031		-,025	,980
	DER	3,332E-5	,000	,009	,090	,928
	NPM	-4,144E-6	,000	-,011	-,111	,912

a. Dependent Variable: SHARE PROFIT

Source: Primary Data, Processed 2017

Based on Table 1, the simultaneous regression equation can be described as follows

$$Y = -0,001 + 0,000033X1-0,000004144X2$$

in this case

Y = Profit Share

X1 = Net Profit Margin

X2 = DER

The value of F arithmetic can be obtained from the following table:

Table 2. Value of F Simultaneous Volume Count

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,002	2	,001	,011	,989 ^b
	Residual	8,671	103	,084		
	Total	8,673	105			

a. Dependent Variable: SHARE PROFIT

b. Predictors: (Constant), NPM, DER

Source: Primary Data, Processed 2017

Based on Table 2 note that the value of F arithmetic of 0.011 and significance of 0.989. This value is greater than 0.05. This means that the variable Net Profit Margin and DER have no effect on the share profits simultaneously. The magnitude of the influence of independent variables on the dependent variable can be seen from the r quadratic value as follows.

Table 3. Value of R Square of First Regression Model

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate	Durbin-Watson
1	,015 ^a	,000	-,019	,29014	1,630

a. Predictors: (Constant), NPM, DER

b. Dependent Variable: SHARE PROFIT

Source: Primary Data, Processed 2017

Based on Table 3 it is known that r square value of 0% means that the Net Profit Margin and DER variables affect the Share Profit by 0% while the rest is influenced by other variables not included in the equation model.

Analysis of the Effect of NPM on Partial Share Profit

The result of NPM influence to partial share profit can be seen in the following table.

Table 4. Results of Second Regression Equation Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	,001	,030	-,045	,964
	NPM	-4,400E-6	,000		

a. Dependent Variable: SHARE PROFIT

Source: Primary Data, Processed 2017

The regression equation of the above data can be seen as follows

$$Y = -0,001 - 0,0000044X1$$

in this case

Y = Profit Share

X1 = NPM

Based on Table 4 above analysis results note that the value of t -0.118. The significance value of 0.906. The value of this significance is greater than 0.05. This means that the NPM variable has no effect on partial share profit. The magnitude of NPM's influence on share profit can be seen in the following table.

Table 5. The Value of Square R of the Second Equation

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
1	,012 ^a	,000	-,009	,28875

a. Predictors: (Constant), NPM

Source: Primary Data, Processed 2017

Based on Table 5 it can be seen r square value of 0.00. This means that the effect of NPM variable on share profit is 0.0% and the rest is influenced by other variables that are not included in the equation model.

Analysis of the Effect of DER on Partial Share Profit

The result of DER influence on the Share Profit by using partial regression can be seen in the following table.

Table 6. Results of the Third Regression Equation Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	,000	,029	,016	,988
	DER	3,641E-5	,000		

a. Dependent Variable: SHARE PROFIT

Source: Primary Data, Processed 2017

The regression equation of the above data can be seen as follows

$$Y = 0,000 + 0,0000364X2$$

in this case

Y = Share Profit

X1 = DER

Based on Table 6 above analysis results note that t value of 0.099. The significance value of 0.921. This value of significance is smaller than 0.05. This means that the DER variable has no effect on partial a share profit. The magnitude of the effect of DER on stock gains can be seen in the following table.

Table 7. The Value of R Square of the Third Equation

Model	R	R Square	Adjusted R Square	Std. An error of the Estimate
1	,010 ^a	,000	-,010	,28876

a. Predictors: (Constant), DER

Source: Primary Data, Processed 2017

Based on Table 7 it can be seen r square value of 0.0. This means that the effect of Net Profit Margin variable to share profit is 0.0% and the rest is influenced by other variables that are not included in the equation model.

Conclusions and Suggestions

Conclusion

Variable Net Profit Margin and DER have no effect on share profits simultaneously. F value count of 0.011 and significance of 0.989. This value is greater than 0.05. The r squared value of 0% means that the Net Profit Margin and DER variables affect the stock price by 0% while the rest is influenced by other variables that are not included in the equation model.

The NPM variable has no effect on partial share profit s. The value of t is -0.118. The significance value of 0.906. The value of this significance is greater than 0.05. The value of r squared is 0.00. This means that the effect of NPM variable on share profit is 0.0% and the rest is influenced by other variables that are not included in the equation model.

DER variable has no effect on partial share profit. The value of t is 0.099. The significance value of 0.921. This value of significance is smaller than 0.05. r-value of squared by 0,0. This means that the effect of Net Profit Margin variable to stock price is 0.0% and the rest is influenced by other variables that are not included in the equation model.

Suggestion

Investors need to consider the ratio of Net profit margin (NPM) and Debt Equity Ratio (DER), although the variables either simultaneously (partially) or partially (alone) have no effect on the profit price. This consideration relates to the ratio of NPM to a ratio that describes the rate of profit from sales while the DER shows the ratio of debt and capital ratio itself.

In other studies in predicting stock gains should be expanded independent variables are involved. This will have an impact on the level of accuracy to predict the company's share profits.

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