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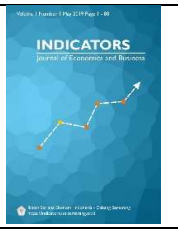

FINANCIAL PERFORMANCE ANALYSIS OF THE ACQUIRING COMPANIES 2010-2012

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Abstract

This study was conducted to analyze the company's performance before and after the acquisition, the differences and their effect on stock value. Probability Ratio, Efficiency Ratio, Liquidity Ratio, and Leverage Ratio is used to measure the company's performance while the Stock Value is reflected by Earning Per Share (EPS). The sample is company listed on Indonesia Stock Exchange (IDX) that consists of 32 companies that made acquisitions in the year 2010-2012 with data available 5 years before and 5 years after the acquisition or year 2005-2017. To analyze the data sample, this study uses paired t-test and multiple linear regression analysis that resulted in a significant and positive change in the ratio of Probability Ratio, Efficiency Ratio, and Liquidity Ratio in the company before and after the acquisition and a significant influence on the Profitability Ratio on Stock Value.

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INTRODUCTION

With the progress of the times and globalization that allows free competition, companies are encouraged to develop their companies. Companies must implement competitive strategies in developing their business. Wibowo (2012) states that companies can develop their businesses through (a) building new factories and adding production capacity (expansion), and (b) buying or developing business with other companies (mergers or acquisitions).

According to Widyaputra (2006), the meaning of the word merger and acquisition itself is slightly different. Still, in principle, the same, namely a business combination carried out by several companies, so that the terms of merger and acquisition are often written together and also the two can be interchanged. Many companies choose to carry out mergers or acquisitions rather than expanding themselves because (a) they are considered to be able to provide faster and more efficient results in the company's activities to achieve its business goals (Utami et al., 2017), (b) can provide a synergistic effect for the company if it generates higher corporate income at the same cost than if it does not carry out a merger or acquisition which leads to an increase in performance and profitability (Neelam Rani, 2015), and (c) can improve marketing capabilities, technology transfer, managerial skills, research and development, and production efficiency (Wibowo, 2012).

Wibowo (2012) mentioned that there are two types of known acquisitions. The first is an internal acquisition, namely an acquisition made by the company to its subsidiary which has gone public. The second is an external acquisition, which is a case of acquisition of another company that is not directly related to the acquiring company.

Mergers or acquisitions are not without problems, because there may be certain conflicting interests between the acquiring company and the company being acquired. Acquisitions also require high costs and the results are not always in accordance with the initial wishes of the company (Suta, 1992). In addition to this, acquisition can also negatively impact the financial position and can affect the company's stock value (Widyaputra, 2006).

In the eye of investors, stock value (EPS) describes the value of the said company, in which if the stock value is high, the value of a company is good too (Purnomo, 2008). The value of shares provides an objective measure as a measure of the value of the investment made (Devi & Badjra, 2014). An increase in financial performance will indirectly increase the value of shares and increase the value of a company and dividends on the investment made (Hutami, 2012).

In Indonesia itself, acquisitions are often carried out by both large companies and small-scale companies. Based on data from the KPPU (Business Competition Supervisory Commission), in 2010 there were three acquisition cases in Indonesia. In 2011 acquisition cases grew rapidly to 43 cases, but decreased in 2012 to 36 cases. With the trend in Indonesia towards acquisition cases, study needs to be done to find out the reasons and success of companies making acquisitions.

Many studies have been carried out to investigate acquisitions effect on companies. Study related to the acquisition by Widyaputra (2006) shows the acquisition lowers the company's financial performance, Utami et al. (2017); Novaliza (2013); Meta (2010) disclose the company's finances are not significantly different after the acquisition, while Neelam Rani (2015); Gunawan & Sukartha (2013) found positive results on the financial performance of the acquirer.

Study was also conducted to find out how much influence financial ratios have on stock values. Haghiri (2012) mentions that financial ratios can be used as an index to analyze and compare and interpret financial conditions and are criteria for comparing the company's financial situation. Study conducted by Meida Dzulqodah (2016); Devi & Badjra (2014); Purnomo (2008); Hutami (2012) found that the stock value was significantly positively influenced by financial ratios. Whereas Iqbal Khan (2012); Shidiq (2012); Kabajeh et al. (2012) shows that the stock value is negatively affected but not significantly by financial ratios.

The difference in the results of the study (research-gap) causes the author to be interested

in re-examining the differences in the financial performance of the acquiring company before and after the acquisition and its effect on the stock value. This research gap can be used as a problem in this study. This study will review (replicate) previous study conducted by Neelam Rani (2015) on differences in financial ratios before and after the acquisition as well as Devi & Badjra (2014) on the effect of financial ratios on stock value by updating the period of research conducted.

Financial ratios are used as variables in this study because the state of a company can be described through financial ratios. The acquiring company is used as a population in this study with sample consist of companies listed on the Indonesia Stock Exchange (IDX) that have made acquisition in 2010-2012 with data from five years before to five years after the acquisition. This study is conducted with the purpose of proving that there is a significant difference in performance before and after the acquisition and how significant the effect of these financial ratios is on the company's value.

LITERATURE STUDY

Agency Theory

Agency theory describes the agency relationship between principals and agents in business practice. This theory states the relations between the two parties in which the investor (principal) employs another person and delegates his authority in making decisions to that person as a manager (agent) to carry out business practices and make business decisions with the hope of getting the maximum possible profit on the capital investment they have deposited.

This theory is focused on solving problems in agency relationships (Eisenhardt, 1989) that is, when (a) conflict of interests or intentions occur between principal and agent and (b) verifying the difficulty or expensiveness of what the agent is working for the principal. This theory focusses on determining the agency relationship work contract using the following assumptions:

a. Assumptions of human nature include three traits, namely: (a) human nature that prioritizes its own interests, (b) human nature that has limited rationality where humans will always be limited by their cognitive thoughts and the time available in making a decision, and (c) conservative nature that encourages people to take action with the lowest possible risk.

b. Organizational assumptions have three classifications, namely: (a) conflict of objectives, (b) efficiency which is used as an effectiveness criterion, and (c) information asymmetry.

c. Information assumptions that view information as goods that can be purchased.

The above assumptions are the background for each party, both agent and principal, in making decisions that can encourage conflicts of interest and information asymmetry in the employment contract relationship between them. Information asymmetry occurs when one of the interested parties has more information than other interested parties, in this condition information asymmetry occurs when the agent has more information about the company's prospects than the principal. Scott (2000) states that there are two types of information asymmetry.

a. Adverse selection is information asymmetry in which managers (agents) know more about the company's conditions and opportunities than investors (principals). So that the situation where the information that can influence the decisions of investors (principals) is not conveyed will occur.

b. A moral hazard is a type of information asymmetry in which the investor (principal) does not know all the actions taken by the management (agent). So that management can take actions that violate the contract without the knowledge of investors.

Therefore, to minimize the possibility of information asymmetry, an independent third party is needed, namely the public accountant auditor to verify the suitability of management's performance against the work contract and the truth of the agent's accountability report to the principal. Due to the process of employing a third party, there is an assumption that information is seen as a commodity that can be purchased, in this situation through an audit fee paid to the public accountant. Jensen & Meckling (1976) defines these costs as agency costs, namely costs paid by the principal to carry out inspections and ensure that the

decisions taken by the manager are in line with the interests of the principal.

Business Combination

A business combination is the unification of several companies into one economic entity. The business combination is divided into two (Hitt et al., 2001) namely (a) acquisition (takeover), is a form of taking over control of a company by buying all or part of the shares or assets owned by another company in the form of cash, shares or other securities which causes the transfer of control of the company being acquired to the acquiring company and (b)) Merger, is a strategy in which several companies combine their operational activities to create a stronger competitive advantage.

METHODS

Research Design and Operational Definition

The author conducts an empirical analysis of the company's performance before and after the acquisition. Therefore, it is necessary to test the proposed hypothesis according to the method designed for the variables studied to obtain high accuracy of results.

Stock value is the dependent variable in this study. The stock value is reflected by Earning Per Share (EPS) indicator. EPS reflects the share of profits for holders of 1 share. Acquiring company's financial performance is the independent variable. Financial performance can be reflected by financial ratios such as profitability, efficiency, leverage, and liquidity.

The profitability ratio is measured by the rate of return (ROR) from investment and sales. Investment has the main concept of return on capital employed (ROCE) and return on equity fund (ROE). ROCE can show how efficiently the acquirer's resources are being expended that indicates how efficiently long-term funds from owners and lenders are used (Neelam Rani, 2015). ROE indicates the return on the owner's equity. Operating profit margin (OPM) and net profit margin (NPM) can indicate return based on sales. Operating profit margin on sales (OPMS) can be an indication of the size of operating profit in sales while NPM determines the relationship between reported net income and sales in which better margins in the post-acquisition period indicate managerial ability to realize the expected synergies and better profitability (Neelam Rani, 2015). In addition to that, operating profit ratio on assets (OPMA) is also calculated. The change in operating performance attributable to the acquisition is a comparison of the OPM before and after the acquisition.

Table 1. Operational Definition

Variable	*Operational Definition*
EPS	Net profit - Preferred Dividend / Average Outstanding Shares
ROCE	Profit Before Interest and Tax / Average Long-Term Assets Used + Net Working Capital
ROE	After Tax Profit - Preferred Dividend / Average Equity Fund
OPMS	Profit Before Interest and Tax - Profit Outside Operation / Net sales
OPMA	Profit Before Interest and Tax - Profit Outside Operation / Average (Total Assets - Initial Cost - Fictional Assets - Other Expenses)
NPM	After Tax Profit / Net Sales
COGR	Cost of Goods Sold / Net Sales
LRE	Labour-Related Expenses / Net Sales
SRE	Selling, Administration and General Expense / Net Sales
FATR	Net Sales / Average Fixed Assets
CATR	Net Sales / Average Current Assets
TATR	Net Sales / Average (Total Assets - Initial Cost - Fictional Assets - Other Expenses)
DA	Total Debt / Total Assets
CR	Current Assets / Current Liability

The sourcing of operating economies can be realized through reduced manufacturing, sales, administrative and general costs in a large-scale economy (reflected in lower labor costs, marketing costs, and research and development costs) (Neelam Rani, 2015). In this study, three ratios were used, namely, the cost of goods sold ratio (COGR), selling, generals and administration expense ratio (SRE), and labor-related expense ratio (LRE). In the case of the expense ratio, lower mean value for the period is indicated by negative t-value.

The efficiency ratio shows the efficiency of using assets to generate sales. If the turnover ratio increases in the period after the acquisition, it indicates a better utilization of available resources. Efficiency in the utilization of company resources is determined based on three ratios, namely fixed asset turnover ratio (FATR), current asset turnover ratio (CATR), and total assets turnover ratio (TATR) (Neelam Rani, 2015).

The leverage ratio is based on a comprehensive measure of total external liabilities (long-term debt plus current liabilities) to total assets which is reflected by debt to asset ratio (DA) that shows the proportion of company assets financed through external loans (Neelam Rani, 2015). Liquidity is assessed using the current ratio (CR), which is current assets divided by current liabilities.

Population and Sample

The population in this study is companies that make acquisitions in Indonesia. The population is taken because in the case of acquisition there will be many interests involved. It is hoped that by only taking a sample from one country and in adjacent periods, the reasons for the acquisition are not much different between companies. Because if the sampled countries are different, there can be differences in trends that occur in that country. The study sample was taken based on the criteria applied in the application of the operational definition of the variable. Sampling was done by purposive sampling method, which is the selection of sampling based on criteria.

a. The acquiring company is listed on the Indonesia Stock Exchange (IDX) and is in the Bloomberg database.
b. The year of the acquisition is known, namely 2010-2012.

The data used in this study is secondary data from acquiring companies listed on the IDX and there is data available in the Bloomberg database for companies that made acquisitions in 2010-2012, with data available five years before and after the acquisition or 2005-2017.

Analysis of Differences in Company Ratios Before and After Acquisition

To test the significant differences, a two-sample paired t-test was performed which positive t-test indicates a greater mean value for post-acquisition or vice versa. Neelam Rani (2015) state because the impact of the new acquisition is felt in the long term, the author decided to analyze the data from the pair:

a. One year before and after the acquisition (-1.1).
b. One year before and two years after the acquisition (-1.2).
c. One year before and three years after the acquisition (-1.3).
d. One year before and four years after the acquisition (-1.4).
e. One year before and five years after acquisition (-1.5).
f. Two years before and after the acquisition (-2.2).
g. Three years before and after the acquisition (-3.3).
h. Four years before and after the acquisition (-4.4).
i. Five years before and after the acquisition (-5.5).

Analysis of the Effect of Ratios on Stock Value

Many variables affect the value of a company's shares, both from outside the company's scope and from within the company (Suad, 2008). Here the author will use the influence of the company's internal in the form of financial ratios or more precisely the ratio of profitability, efficiency, leverage, and liquidity as a measure of the effect on share value (EPS). The author used multiple regression tests to predict the relationship between data variables and the relationship between stock values and ratios. To test the hypothesis, the following models are used:

EPS = β0 + β1 (ROCE) + β2 (ROE) + β3 (OPMS) + β4 (OPMA) + β5 (NPM) + β6 (COGR) + β7 (LRE) + β8 (SRE) + β9 (FATR) + β10 (CATR) + β11 (TATR) + β12 (DA) + β13 (CA) + e

With:

β0 = Constant Numbers
β1- β13 = Regression Coefficients
e = Error

1. RESULT AND DISCUSSION

Description of the Sample and Object Under Study

Table 2. Details of Data Sample

No	Criteria	Acquisition Company	
		Number of Cases	Listed on IDX
1	Acquisition case in 2010	3	3
2	Acquisition case in 2011	43	13
3	Acquisition case in 2012	36	16
Total		**82**	**32**

The object of this study is the acquiring company. Based on Table 2, there are 82 acquisition cases from 2010 to 2012. After checking on the IDX, it was found that a total of 32 companies were listed. Of the 32 companies, 32 samples of financial statements were obtained one to five years after the acquisition, 32 samples for one and two years before the acquisition, 31 samples for the two years before the acquisition, 29 samples for the four years before the acquisition, and 26.

RESULTS AND DISCUSSION

Penelitian ini membahas tentang faktor-faktor yang mempengaruhi pertumbuhan ekonomi di Indonesia Tahun 1990 - 2019. Dalam pembahasan ini akan meneliti pengaruh independen inflasi, akumulasi modal, keterbukaan perdagangan dan tenaga kerja terhadap variabel dependen yaitu laju pertumbuhan ekonomi Indonesia. Penelitian ini menggunakan alat bantu yaitu berupa *software* komputer program Eviews 10.

Table 3. Summary of Hypothesis Test Results

No	*Hypothesis*	*Results*
1	There is a significant difference in the company's profitability before and after the acquisition	Accepted
2	There is a significant difference in the company's efficiency before and after the acquisition	Accepted
3	There is a significant difference in the company's liquidity before and after the acquisition	Accepted
4	There is a significant difference in the company's leverage before and after the acquisition	Rejected
5	There is a significant effect of company profitability on share value (EPS)	Accepted
6	There is a significant effect of company efficiency on share value (EPS)	Rejected
7	There is a significant effect of company liquidity on share value (EPS)	Rejected
8	There is a significant effect of company leverage on share value (EPS)	Rejected

Can be seen based on Table 3, the difference in ratios that occur before and after the acquisition does not always affect the firm value. This can happen because the expected synergistic effect of the acquisition is unsatisfactory or less effective in helping the company generate profits.

Results of Analysis of Differences in Company Ratios Before and After Acquisition

a. Profitability Ratio

The profitability ratio measures the company's capability to earn a profit. The results of the analysis show that there is a positive significant difference in the profitability ratio after the acquisition, which is indicated by the profitability related to investment according to Table 4 in ROE which has a positive significance in the pair (-1 – 3) (-1 – 4) (-1 – 5) and (-3 – 5). 3), ROCE on pair (-1 – 2) (-1 – 3) (-1 – 4) (-1 – 5) and (-3 – 3). Profitability related to sales according to Table 5 which has a positive significance in OPMs on pair (-1 – 2) (-1 – 3) (-1 – 4) and (-1 – 5), OPMA on the pair (-1 – 1) (-1 – 2) (-1 – 3) (-1 – 4) (-1 – 5) (-3 – 3) and (-4 – 4), and NPM on pairs (-1 – 3) (-1 – 4) and (-1 – 5). Profitability related to expenses or lower operating costs according to Table 5 is indicated by a significant negative t on the LRE in pairs (-1 – 4) (-2 – 2) (-3 – 3) (-4 – 4) and (-5 – 5), and SRE in the pair (-1 – 4), with a value of t > t table 5% = 1.96 and p-value <0.05. This is in accordance with the hypothesis that there is a significant difference in the company's profitability before and after the acquisition, so based on the description, hypothesis 1 is accepted.

This indicates an increase in the efficiency of the resources issued by the company and a significant increase in the return on equity issued by the increase in ROCE and ROE. In addition, operating profit from the sale and utilization of the company's assets also increased after the acquisition, marked by an increase in OPM and NPM. Managerial success can also be seen from the reduced costs incurred in carrying out operating activities marked by LRE and SRE which show a significant negative t.

These results are in accordance with study conducted by Neelam Rani (2015) and Gunawan & Sukartha (2013) which showed a positive difference in the company after the acquisition in the profitability ratio.

Table 4. T-Test Profitability Ratio Related to Investment

Variable	*Pair*	*Mean*	*T-Value*	*P-Value*
ROE	-1 – 1	-0,935	-0,334	0,741
	-1 – 2	4,088	1,832	0,077
	-1 – 3	7,139	3,321	0,002
	-1 – 4	6,933	2,792	0,009
	-1 – 5	4,61	2,091	0,045
	-2 – 2	2,106	0,963	0,343
	-3 – 3	5,617	2,066	0,048
	-4 – 4	3,261	0,927	0,362
	-5 – 5	6,258	1,735	0,095
ROCE	-1 – 1	0,377	0,302	0,765
	-1 – 2	2,611	2,461	0,02
	-1 – 3	5,027	4,423	0
	-1 – 4	4,947	4,045	0
	-1 – 5	3,556	2,941	0,006
	-2 – 2	1,453	1,17	0,251
	-3 – 3	3,068	1,971	0,049
	-4 – 4	1,923	0,844	0,406
	-5 – 5	-1,228	-0,866	0,395

Source: SPSS

Table 5. T-Test Profitability Ratio Related to Sales and Expenses

Variable	*Pair*	*Mean*	*T-Value*	*P-Value*	*Variable*	*Pair*	*Mean*	*T-Value*	*P-Value*
OPMS	-1–1	0,94	0,24	0,809	COGR	-1–1	-2,41	-0,48	0,635
	-1–2	7,64	2,13	0,041		-1–2	1,16	0,4	0,692
	-1–3	11,8	4,41	0		-1–3	0,67	0,2	0,837
	-1–4	20,8	6,74	0		-1–4	-7,45	-1,82	0,078
	-1–5	11,38	4,52	0		-1–5	-0,25	-0,07	0,939
	-2–2	3,63	1,14	0,262		-2–2	-1,46	-0,32	0,744
	-3–3	6,13	1,61	0,116		-3–3	-1,55	-0,29	0,77
	-4–4	0,02	0,18	0,856		-4–4	0,11	0,02	0,978
	-5–5	6,27	1,34	0,191		-5–5	8,72	1,57	0,128
OPMA	-1–1	0,03	2,23	0,033	LRE	-1–1	0,77	1,11	0,274
	-1–2	0,05	3,15	0,004		-1–2	1,22	2,05	0,054
	-1–3	3,07	14,93	0		-1–3	1,25	1,56	0,127
	-1–4	2,83	14,44	0		-1–4	-5,25	-3,36	0,002
	-1–5	0,04	3,80	0,001		-1–5	0,22	0,26	0,792
	-2–2	-2,57	-11,2	0		-2–2	-4,40	-4,74	0
	-3–3	3,04	13,97	0		-3–3	-1,2	-2,11	0,043
	-4–4	2,77	12,09	0		-4–4	-9,88	-5,97	0
	-5–5	0,02	0,16	0,867		-5–5	-3,67	-2,72	0,012
NPM	-1–1	0,16	0,05	0,96	SRE	-1–1	0,03	2,26	0,031
	-1–2	5,28	1,48	0,148		-1–2	-0,04	-0,22	0,821
	-1–3	9,79	3,65	0,001		-1–3	-0,06	-0,24	0,808
	-1–4	10,78	3,66	0,001		-1–4	-0,05	-2,17	0,038
	-1–5	8,94	3,85	0,001		-1–5	-0,04	-1,77	0,086
	-2–2	5,71	1,95	0,06		-2–2	-0,01	-0,51	0,608
	-3–3	3,32	1,06	0,295		-3–3	0,01	0,52	0,601
	-4–4	-0,69	-0,19	0,849		-4–4	-0,04	-1,63	0,113
	-5–5	-4,38	-1,30	0,206		-5–5	-0,06	-1,94	0,064

Source: SPSS

b. Efficiency Ratio

The efficiency ratio measures the effectiveness of asset management. The efficiency ratio shows the operational performance of a company. The results of the analysis according to Table 6 show that there is a positive significant difference in the efficiency ratio after the acquisition, which is indicated by the ratio in FATR which has a positive significance in the pair (-1 – 1) (-1 – 2) (-1 – 3) (-1 – 4) (-1 – 5) (-3 – 3) (-4 – 4) and (-5 – 5), TATR on pair (-1 – 4) (-1 – 5) (-4 – 4) and (-5 – 5) and CATR in pairs (-1 – 5) and (-5 – 5), with t value > t table 5% = 1.96 and p-value < 0.05. This is in accordance with the hypothesis that there is a significant difference in the company's efficiency before and after the acquisition, so based on the description, hypothesis 2 is accepted. This indicates an increase in the utilization of available resources better and a decrease in idle production capacity marked by an increase in the turnover ratio in the company. These results are in accordance with study conducted by Neelam Rani (2015) which showed a positive difference in the company after acquisition in the efficiency ratio.

Table 6. T-Test Efficiency Ratio

Variable	*Pair*	*Mean*	*T-Value*	*P-Value*
FATR	-1 – 1	1,6	3,892	0
	-1 – 2	1,625	3,963	0
	-1 – 3	1,245	3,266	0,003
	-1 – 4	2,914	7,632	0
	-1 – 5	3,032	7,934	0
	-2 – 2	0,564	1,936	0,062
	-3 – 3	1,881	4,521	0
	-4 – 4	3,682	8,587	0
	-5 – 5	2,983	5,222	0
TATR	-1 – 1	-0,018	-0,374	0,711
	-1 – 2	0,043	1,013	0,319
	-1 – 3	-0,006	-0,138	0,892
	-1 – 4	0,983	4,525	0
	-1 – 5	1,049	4,792	0
	-2 – 2	-0,83	-4,221	0
	-3 – 3	-0,842	-4,193	0
	-4 – 4	1,41	8,439	0
	-5 – 5	0,258	2,792	0,012
CATR	-1 – 1	-0,008	-0,047	0,963
	-1 – 2	-0,076	0,412	0,683
	-1 – 3	-0,064	-0,341	0,735
	-1 – 4	0,06	0335	0,74
	-1 – 5	1,477	7,7	0
	-2 – 2	-0,16	0,888	0,382
	-3 – 3	0,016	0,0	0,929
	-4 – 4	0,035	0177	0,86
	-5– 5	1,846	7,208	0

Source: SPSS

c. Liquidity Ratio

The liquidity ratio measures the ability to pay the company's short-term debt. The results of the analysis according to Table 7 show that there is a positive significant difference in the liquidity ratio after the acquisition, which is indicated by the ratio in CR which has a positive significance in the pair (-1 – 3) (-1 – 4) (-1 – 5) (-4 – 4) and (-5 – 5), with t value > t table 5% = 1.96 and p-value < 0.05. This is in accordance with the hypothesis that there is a significant difference in the company's liquidity before and after the acquisition, so based on the description, hypothesis 3 is accepted. This indicates the company is able to pay off its short-term debt without any problems after the acquisition. Thee results are in accordance with study conducted by Neelam Rani (2015) and Gunawan & Sukartha (2013) which showed a positive difference in the company after the acquisition of the liquidity ratio.

Table 7. T-Test Liquidity Ratio

Variable	*Pair*	*Mean*	*T-Value*	*P-Value*
CR	-1 – 1	0,184	1,471	0,151
	-1 – 2	0,236	1,536	0,135
	-1 – 3	0,289	2,261	0,031
	-1 – 4	1,126	9,887	0

-1 – 5	1,382	6,822	0
-2 – 2	0,098	0,586	0,562
-3 – 3	-0,829	-5,882	0
-4 – 4	1,127	5,814	0
-5 – 5	1,23	3,918	0,001

Source: SPSS

d. Leverage Ratio

Table 8. T-Test Leverage Ratio

Variable	*Pair*	*Mean*	*T-Value*	*P-Value*
DA	-1 – 1	-2,695	-1,911	0,065
	-1 – 2	-4,168	-1,788	0,084
	-1 – 3	-4,646	-1,743	0,091
	-1 – 4	-5,115	-1,776	0,086
	-1 – 5	-4,921	-1,705	0,098
	-2 – 2	-4,447	-1,359	0,184
	-3 – 3	-1,722	-0,473	0,64
	-4 – 4	-0,062	-0,014	0,989
	-5 –5	1,183	0,254	0,802

Source: SPSS

The leverage ratio is the ratio of the company's assets to the amount of existing debt. The results of the analysis according to Table 8 show that there is no significant difference in the leverage ratio after the acquisition, which is indicated by the ratio in DA which has no significance because the t statistic value of each pair is smaller than the t table 5% = 1.96 or the p-value which is respectively each greater than 0.05. This is not in accordance with the hypothesis where there is a significant difference in the company's leverage before and after the acquisition, so based on the description, hypothesis 4 is rejected. This indicates an increase in debt to the company which culd occur because the source of funds used to make acquisitions was obtained with debt. This result is not in accordance with the study conducted by Neelam Rani (2015) which showed a positive difference in the company after the acquisition of the leverage ratio. But the results of this study are in accordance with the results of study conducted by Kumar (2009) and Widyaputra (2006) who found no significant difference in the company's leverage ratio of the acquiring company.

Results of the Analysis of the Effect of Ratios on Stock Value

Table 9. T-Test (Parameter Significance Test)

	Estimate	*Std. Error*	*T-Value*	*P-Value*
(Intercept)	20131,7	12161,2	1,655	0,11619
ROCE	1543,01	842,5	-1,831	0,08461
ROE	751,97	560,65	1,341	0,19749
OPMS	2303,11	745,09	3,091	0,00663
OPA	315,11	778,44	0,405	0,69068
NPM	2301,33	763,4	-3,015	0,00781
COR	70,15	160,1	0,438	0,66676
LRE	-350,89	596,21	-0,589	0,56391
SRE	521926	45318,6	1,152	0,26539
FATR	405,64	927,08	-0,438	0,66723
CTR	4965,2	3987,33	1,245	0,22994
ATR	-2378,62	1536,29	-1,548	0,13997
DA	-821,47	458,77	-1,791	0,09119
CR	-3117,22	241035	1,293	0,21322

Source: R Statistic

Table 10. Coefficient of Determination (R2)

Multiple R-squared	**0,7039**
Adjusted R-squared	0,46

Source: R Statistic

The coefficient of determination based on Table 10 is R2 = 0.7039. That is, EPS is influenced by all independent variables in the study by 70.39% and the remaining 29.61% is a factor outside the study.

a. Profitability Ratio

The results of the analysis according to Table 9 show that there is a significant effect of the profitability ratio on stock value (EPS) seen from the ratio of OPMs and NPMs with a p-value of OPMs of 0.00663 and NPM of 0.00781 which is less than 0.05. It is also estimated that if the OPMS variable increases by 1, then EPS will increase by 2303.11, and if the NPM variable increases by 1, then EPS will decrease by 2301.33. This is in accordance with the results of hypothesis testing where there is a significant effect of company profitability on stock value (EPS), so based on this description, hypothesis 5 is accepted. These results are in accordance with the study conducted by Purwanto (2014) and Devi & Badjra (2014) which showed a significant effect of profitability on stock value (EPS).

b. Efficiency Ratio

The results of the analysis according to Table 9 show that there is no significant effect of the efficiency ratio on stock value (EPS) seen from the FATR, CATR, and TATR ratios which have a FATR p-value of 0.66723, CATR 0.22994, and TATR 0.13997 which is more of 0.05. It is estimated that if the FATR variable increases by 1, then EPS will decrease by 405.64, if the CATR variable increases by 1, then EPS will increase by 4965.12, and if the TATR variable increases by 1, then EPS will decrease by 2378.62. This is not in accordance with the hypothesis that there is a significant effect of company efficiency on stock value (EPS), so based on this description, hypothesis 6 is rejected. This result is not in accordance with the study conducted by Purwanto (2014) and Devi & Badjra (2014) which showed a significant effect of efficiency on stock value (EPS). But these results are in accordance with study by Shidiq (2012) which shows that there is no significant effect of the efficiency ratio on stock value.

c. Liquidity Ratio

The results of the analysis according to Table 9 show that there is no significant effect of the liquidity ratio on stock value (EPS) seen from the CR ratio which has a p-value of 0.21322 which is greater than 0.05. It is estimated that if the CR variable increases by 1, then EPS will decrease by 3117.22. This is not in accordance with the hypothesis that there is a significant effect of company liquidity on stock value (EPS), so based on this description, hypothesis 7 is rejected. This result is not in accordance with the study conducted by Devi & Badjra (2014) which shows that there is a significant effect of liquidity on stock value (EPS). But in accordance with study by Shidiq (2012) which shows there is no significant effect of efficiency ratio on stock value.

d. Leverage Ratio

The results of the analysis according to Table 9 show that there is no significant effect of the leverage ratio on the stock value (EPS) seen from the DA ratio which has a p-value of 0.09119 which is greater than 0.05. It is estimated that if the DA variable increases by 1, then EPS will decrease by 821.47. This is not in accordance with the hypothesis where there is a significant effect of company leverage on stock value (EPS), so based on this description,

hypothesis 8 is rejected. This result is not in accordance with the study conducted by Devi & Badjra (2014) which shows that there is a significant effect of leverage on stock value (EPS). But these results are in accordance with the results of study by Shidiq (2012) which shows that there is no significant effect of the leverage ratio on the stock value.

CONCLUSION

This study aims to prove that there are significant differences in the financial performance of the acquiring company listed on the IDX before and after the acquisition and its effect on the value of the company's shares. With the financial performance of the acquiring company as a determinant of the study which can be measured by financial ratios such as probability ratios, efficiency ratios, liquidity ratios, and leverage ratios. The sample in this study is the acquiring company listed on the IDX from 2010-2012 and is in the Bloomberg database. The number of companies that can be used as samples for this study is three companies in the 2010 period, 13 companies in the 2011 period, and 16 companies in the 2012 period. The test results in this study indicate that there are significant and positive differences in probability ratios, efficiency ratios, and liquidity ratios. and the significant effect of profitability ratios on stock values.

In this study, some weaknesses and shortcomings become a limitation. Weaknesses and shortcomings in this study can affect the accuracy of the study results. These weaknesses and shortcomings include (a) the benchmark used by the author is only performance based on financial ratios (which is an economic factor), while there are other factors that cannot be included in quantitative measures. Some of these factors include technology, human resources, culture, and others. So that the study cannot describe the company's overall performance, (b) the sample time is not long enough so that the long-term benefits of the acquisition are not fully visible. Because the synergistic effect contained in the acquisition may only be realized after a very long time, and (c) the type of acquisition is not differentiated, whether it is a vertical, horizontal, or conglomeration acquisition. The type of acquisition is either internal or external.

For further study, the author has several suggestions that can be made, including adding non-economic variables in the study to increase the ability to explain the benefits of acquisition from another point of view that can be done using qualitative methods by asking directly the management of the acquiring company and extending years of observation so that the benefits of the acquisition are more visible because the acquisition is a long-term decision taken by the company.

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