CASH FLOW CAPABILITY ANALYSIS PREDICTING COMPANY FINANCIAL PERFORMANCE DURING COVID 19 PANDEMIC (Empirical Study of Sector Companies Food and Beverages in Indonesia)

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ABSTRACT

This study aims to analyze the ability of cash flow adequacy, cash interest coverage, cash debt coverage, depreciation amortization impact, quality of sales ratio, and cash flow return on assets to predict a company's financial performance before and during the COVID-19 pandemic. The sample in this study was 28 companies, from 2018 to 2021, so 112 observation data were obtained. The data analysis technique used multiple regression analysis. The analysis results show that the cash flow adequacy before and during the covid 19 pandemic does not predict the company's financial performance. Cash interest coverage before and during the COVID-19 pandemic does not predict the company's financial performance. Cash debt coverage before and during the COVID-19 pandemic did not predict the company's financial performance. Depreciation amortization impact before the COVID-19 pandemic predicted the company's financial performance, but during the COVID-19 pandemic, it did not predict the company's financial performance. The quality of sales ratio before and during the COVID-19 pandemic did not predict the company's financial performance. Cash flow return on assets before the covid 19 pandemic predicted the company's financial performance, but during the covid 19 pandemic, it did not predict the company's financial performance.

Keywords: Cash Flow Adequacy, Cash Interest Coverage, Cash Debt Coverage, Depreciation Amortization Impact, Quality of Sales Ratio, Cash Flow Return On Assets, Company Financial Performance

1. INTRODUCTION

Financial performance is an effort made by each company in assessing and measuring every success achieved in generating profits, thus the company can see the growth, prospects, and potential developments that have been achieved in the company. A company can be said to be successful if it has achieved predetermined standards and goals. Evaluating financial performance is one of the methods to fulfill obligations to investors in achieving the goals and desires that have been determined by the company. Along with increasing progress and the higher the value of the business, investors look to the company to invest their capital so that there will be an increase in stock prices, or it can be said that the stock price is a function of the value of the company. The company's management will do their best to show the results of the company's performance, which will later be reflected in the financial statements. Based on these financial statements, investors will assess whether the company can be said to be safe or not for investment.

The definition of financial statements from the Statement of Financial Accounting Standards or PSAK No. 1 (IAI, 2018) is a form of structured presentation of the financial position of a company accompanied by the company's financial performance. Investors also use financial statements as material for assessing financial conditions which will later influence decisions for the next step. The decisions that will be obtained by investors certainly require very strict consideration of the company's ability to earn profits and interpret how the company's liquidity will be in the future. Both of this information can be obtained in the cash flow statement which is an inseparable part of the annual financial statements for a period.

A cash flow statement is a report that contains information about cash receipts and cash disbursements of the company during a certain period. The cash flow statement according to the Statement of Financial Accounting Standards or PSAK No. 1 (IAI, 2018) is a report that contains information to assess the entity's ability to generate cash and cash equivalents and the entity's needs to use cash flows. The cash flow statement can interpret the receipts and disbursements of cash and cash equivalents which are categorized into operating, investing, and financing activities for a period. The cash flow statement is an important part of the company to continue operating in the long term because without cash flow, it can be said that the company's operational continuity can be hampered.

With a cash flow statement, the company can predict the development of each year to avoid losses. The cash flow statement for internal management has a role to be able to find out whether the company policies that have been set have been running properly in the acquisition and use of cash in a certain period. The amount of cash flows from operating activities is an indicator to determine whether the cash flows obtained are sufficient to repay loans, pay dividends, and make new investments without relying on external funding sources. Meanwhile, cash flow reports for external parties such as creditors or investors have a role in predicting cash that is likely to be distributed in the form of future loan interest or dividends.

Information from cash flow can be used as a tool for investors and creditors in reducing the risk of decision-making errors. This is done by predicting the profit and cash flow information obtained in making plans for making decisions in the future. Another thing that creditors and investors can do with the cash flow statement is to evaluate the performance of the related company.

It is known that since entering the year 2020, there has been an outbreak of the disease in the form of the Covid-19 virus throughout the world. The first country affected by this virus was Wuhan, China. The Covid-19 virus or known as the coronavirus is a form of a virus that spreads through the respiratory system and results in infection of the lungs, shortness of breath, and some people die. President of the Republic of Indonesia Ir. Joko Widodo on Monday, March 2, 2020, officially said that the coronavirus had entered Indonesia, namely, in Depok City, West Java, and until 2021 the virus was still there, and even tends to increase the number of infected people. This causes the weakening of economic activities such as production, consumption, and distribution (Yuniarti, et al. 2020).

Various economic activities, from the trade sector to tourism, were forced to close and lay off all employees(Dwina, 2020). The official Indonesian agency, the Central Statistics Agency (BPS) at the time of the Covid-19 pandemic reported that Indonesia was experiencing a recession or a significant decline in economic activity of -0.42% which will this causes investors to be more vigilant when making decisions (Elena,2021). Investors in making decisions in the Covid-19 pandemic situation rely heavily on financial reports that are clear, correct, reliable, and free from fraud.

The Covid-19 pandemic, which is still ongoing now, is still a heavy burden for the government in terms of economic growth at the national level. But slowly the activities of the community's economy began to return to normal gradually with the vaccination program that was continuously promoted and various policies that encouraged to improve the economic cycle. One way to improve a good economic cycle is to increase public consumption. One of the public consumption comes from the manufacturing industry. The manufacturing industry is one of the industrial sectors whose performance influences economic conditions in Indonesia, one example of which was before the Covid-19 pandemic for the last 5 years,(Adhiem, 2021).

The manufacturing industry is the industry most attached to daily activities. Manufacturing companies themselves in the Indonesia Stock Exchange are a sectoral index category(Ahlina & Simamora, 2021). The manufacturing sector consists of the Consumer Good Industry sector, the Basic Industry and Chemicals sector, and the Miscellaneous Industry sector. Manufacturing companies will always do their best to improve the company's performance which is reported through its financial statements, especially the company's cash flow statement.

Based on the background that has been mentioned, this research intends to examine the comparison of the effect of cash flow interpreted on the cash flow ratio on financial performance in Indonesia. food and beverage sector companies in the period before the Covid-19 pandemic with the Covid-19 pandemic period or the 2018-2021 period. The existence of the Covid-19 pandemic has made many companies lay off their employees to go bankrupt, therefore it is necessary to analyze cash flow through cash flow ratios to assist internal company parties in knowing the performance of related companies and also assist the decision-making process for the short or long term. In the research conductedJooste (2006)stated that cash flow ratio analysis can be used as a measurement of financial performance because the company's internal parties will be able to know the health of the company's finances and how to make decisions to improve or maintain it.

This study is a development of research conducted by Jooste (2006) which tested differences in cash flow, Silalahi and Ginting (2020) tested differences in financial performance before and after the merger, Hilman and Laturette (2021) tested differences in financial performance before and during the COVID-19 pandemic. -19, as well as the development of research conducted by Manalib and Handayani (2015), Sasongko and Apriani (2016) Yuniarmi and Fauziah (2019), Sitanggang et al. (2021), Setiawan et al. (2022) who tested the effect of cash flow on financial performance.

The purpose of this study is based on the formulation of the problem that has been submitted, these objectives include: analyzing the ability of cash flow adequacy to predict the company's financial performance before and during the covid 19 pandemic, analyzing the ability of cash interest coverage to predict the company's financial performance before and during the covid 19 pandemic, analyzing the ability of cash debt coverage to predict the company's financial performance before and during the covid 19 pandemic, analyzing the ability of depreciation amortization impact to predict the company's financial performance before and during the covid 19 pandemic, analyzing the ability of the quality of sales ratio to predict the company's financial performance before and during the covid 19 pandemic, and analyze the ability of cash flow return on assets to predict the company's financial performance before and during the covid 19 pandemic.

2. LITERATURE REVIEW

This research is based on signaling theory which was first stated by Spence (1973) who explained that the owner of the information gives a signal or signal in the form of information that reflects the state of a company that is useful for the investor (recipient). Brigham and Houston (2011) suggest that signal theory explains management's perception of the company's future growth, which affects the response of potential investors to the company. The signal is in the form of information that explains management's efforts in realizing the owner's wishes. This information is considered an important indicator for business people and investors in making investment decisions.

Sucipto (2003) has the opinion that financial performance is a measure to assess the success or ability of an entity or company to earn a profit. Meanwhile, the Indonesian Institute of Accountants or IAI (2007: 18) has the view that financial performance is the ability of an entity to carry out tasks in managing and empowering its resources. Meanwhile, Rudianto (2013), thinks that financial performance is the result obtained or the achievements of the company's internal management in managing assets efficiently and effectively for a certain period. Fahmi (2014)

Statement of cash flow (statement of cash flow) according to the Statement of Financial Accounting Standards or PSAK No. 1 (IAI, 2018) is a report that contains information in evaluating the entity's ability to obtain cash and cash equivalents as well as the entity's needs in the use of cash flows. A cash flow statement is a report that contains information about cash receipts and cash disbursements of the company during a period. In other words, cash flow is the inflow and outflow of cash or cash equivalents. Cash is composed of demand deposits and cash balances (cash on hand), while cash equivalents are short-term investments, liquid in nature, and can be quickly converted into cash in a certain amount without any risk of changes in value (IAI). , 2018: 2.3).

Hery (2009: 3) has the view that the cash flow statement has the meaning of a report that reflects cash inflows and cash outflows completely based on each activity, including operating activities, investing activities, and financing or financing activities in a certain period. Entities need cash to keep the company's operations running. Cash is important because the entity must maintain sufficient liquidity, in other words, the entity must have sufficient cash or money to repay debt at maturity so that the company can continue to operate.

Financial ratio analysis according to Munawir (2010:37) is an analytical technique to determine the relationship that comes from certain accounts in the balance sheet or income statement separately or a combination of the two financial statements. Measuring the level of company performance through the ratio analysis method is the method that is still considered the most effective way to be used. Financial ratio analysis is a calculation technique designed to facilitate researchers or other users of financial information in evaluating the financial statements of related companies.

Based on the formulation of the problem and the theoretical study that has been submitted previously, the formulation of the hypothesis in this study can be proposed:

H1: *Cash flow adequacy* predicting the company's financial performance before and during the covid 19 pandemic.

H2: *Cash interest coverage* predicting the company's financial performance before and during the COVID-19 pandemic.

H3: *Cash debt coverage* predicting the company's financial performance before and during the COVID-19 pandemic.

H4: *Depreciation amortization impacts* predicting the company's financial performance before and during the COVID-19 pandemic.

H5: *Quality of sales ratio* predicting the company's financial performance before and during the COVID-19 pandemic.

H6: *Cash flow return on assets* predicting the company's financial performance before and during the COVID-19 pandemic.

3. RESEARCH METHODS

The operational definition of a variable is a definition that explains how a variable is calculated or measured (Chandrarin, 2017: 88). The operational definition of each variable includes:

a. The dependent variable is the company's financial performance (Y)

Financial performance, namely the state of the company in the specified period has implemented the financial implementation rules following the provision. Proxied financial performanceROA with the following formulation:

ROA = $\frac{Net\ Income}{Total\ Asset}$

ROA describes the company in generating a return on the overall activity in the company.

b. The independent variable is Cash Flow (X)

Proxied cash flow cash adequacy ratio includes: *cash flow adequacy*(X1), cash interest coverage (X2), cash debt coverage (X3) and depreciation amortization (X4)and efficiency ratios include: quality of sales ratio (X5) and cash flow return on assets (X6) as follows:

1) *Cash Flow Adequacy*(X1)

Cash flow adequacy is the ratio used to assess the company in obtaining cash to meet its obligations, which is measured by the following formula.

$$CFAR = \frac{Cash\ Flow\ From\ Operation}{Long\ Term\ Debt + Purchase\ of\ Assets + Dividend\ Paid}$$

2) *Cash Interest Coverage*(X2)

Cash interest coverage is a ratio to determine the company's ability to fulfill interest payments on all proposed debts, which is measured by the following formula.

$$CIC = \frac{net\ Cash\ Flow\ From\ Operation\ Before\ Interest\ and\ Tax}{Interest\ Paid}$$

3) *Cash Debt Coverage*(X3)

Cash debt coverage namely the ratio to find out how much funds come from operational activities which will later be used to pay off debt, is measured by the following formulation.

$$CDC = \frac{Cash\ Flow\ From\ Operation - Total\ Dividend}{Total\ Debt\ Payment}$$

4) *Depreciation Amortization Impact*(X4)

Depreciation amortization impact is a ratio that is reflected in the percentage of cash originating from the company's operational activities sourced from total depreciation and amortization and is related to the maintenance of company assets and sufficiency reinvestment, which is measured by the following formula.

$$DAR = \frac{Depresiasi + Amortisasi}{Cash\ Flow\ From\ Operation}$$

5) *Quality of Sales Ratio*(X5)

The quality of sales ratio(X5) has the background to determine the high level of quality of the company's sales, which is measured by the following formula.

$$QSR = \frac{Cash\ Flow\ From\ Operation}{Total\ Sales}$$

6) *Cash Flow Return on Assets*(X6)

Cash flow return on assets is a ratio that aims to measure or evaluate cash obtained from available assets, which is measured by the following formula.

$$CFRA = \frac{Cash\ Flow\ From\ Operation}{Total\ Asset}$$

Population and Sampling Techniques

The population in this research is 30 companies listed in the food and beverage sector on the Indonesia Stock Exchange. The technique in determining the sample applied in this research is purposive sampling. The criteria for the companies used as samples in this research include:

a. Companies that are included in the food and beverage sector listed on the Indonesia Stock Exchange in 2018-2021
b. Companies with complete cash flow statement data, balance sheets, and income for the period 2018-2021
c. Completely presented data related to research variables.

Based on these criteria, a sample of 28 companies was obtained, so that observation data before the covid 19 pandemic was obtained, namely in 2018 and 2019 as many as 28 companies x 2 years = 56 observations, and during the covid 19 pandemic, namely in 2020 and 2021 as many as 28 companies x 2 years = 56 observations, with the following details:

Table 1. Research Sample

Num	Company Code	Company name	Year				Information
			2018	2019	2020	2021	
1	ADES	Akasha Wira Internasional Tbk	✓	✓	✓	✓	Complete
2	AISA	Tiga Pilar Sejahtera Food Tbk	✓	✓	✓	✓	Complete
3	ALTO	Tri Banyan Tirta Tbk	✓	✓	✓	✓	Complete
4	BTEK	Bumi Teknokultura Unggul Tbk	✓	✓	✓	✓	Complete
5	BUDI	Budi Starch & Sweetener Tbk	✓	✓	✓	✓	Complete
6	CAMP	Campina Ice Cream Industry Tbk	✓	✓	✓	✓	Complete
7	CEKA	Wilmar Cahaya Indonesia Tbk	✓	✓	✓	✓	Complete
8	CLEO	Sariguna Primatirta Tbk	✓	✓	✓	✓	Complete
9	DLTA	Delta Djakarta Tbk	✓	✓	✓	✓	Complete
10	DMND	Diamond Food Indonesia Tbk	✓	✓	✓	✓	Complete
11	FOOD	Sentra Food Indonesia Tbk	✓	✓	✓	✓	Complete
12	GOOD	Garudafood Putra Putri Jaya Tbk	✓	✓	✓	✓	Complete
13	HOKI	Buyung Poetra Sembada Tbk	✓	✓	✓	✓	Complete
14	ICBP	Indofood CBP Sukses Makmur Tbk	✓	✓	✓	✓	Complete
15	IIKP	Inti Agri Resources Tbk	✓	✓	✓	-	Incomplete
16	IKAN	Era Mandiri Cemerlang Tbk	✓	✓	✓	✓	Complete
17	INDF	Indofood Sukses Makmur Tbk	✓	✓	✓	✓	Complete
18	KEJU	Mulia Boga Raya Tbk	✓	✓	✓	✓	Complete
19	MGNA	Magna Investama Mandiri Tbk	✓	✓	✓	-	Incomplete
20	MLBI	Multi Bintang Indonesia Tbk	✓	✓	✓	✓	Complete
21	MYOR	Mayora Indah Tbk	✓	✓	✓	✓	Complete
22	PANI	Pratama Abadi Nusa Industri Tbk	✓	✓	✓	✓	Complete
23	PCAR	Prima Cakrawala Abadi Tbk	✓	✓	✓	✓	Complete

24	PSDN	Prasidha Aneka Niaga Tbk	✓	✓	✓	✓	Complete
25	ROTI	Nippon Indosari Corpindo Tbk	✓	✓	✓	✓	Complete
26	SKBM	Sekar Bumi Tbk	✓	✓	✓	✓	Complete
27	SKLT	Sekar Laut Tbk	✓	✓	✓	✓	Complete
28	STTP	Siantar Top Tbk	✓	✓	✓	✓	Complete
29	TBLA	Tunas Baru Lampung Tbk	✓	✓	✓	✓	Complete
30	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk	✓	✓	✓	✓	Complete

Source: Indonesia Stock Exchange processed, 2022.

Data analysis technique

The data analysis technique in this study chose several stages, namely: descriptive statistics, classical assumption test consisting of normality test, multicollinearity test, test heteroscedasticity, and autocorrelation test, followed by model testing, multiple regression analysis, and hypothesis testing.

4. RESEARCH RESULTS AND DISCUSSION

Descriptive statistics

Descriptive analysis is intended to describe research data and explain research variables related to the lowest, highest, and average cash flow numbers consisting of consist of adequacy ratio includes: *cash flow adequacy*(X1), cash interest coverage (X2), cash debt coverage (X3) and depreciation amortization (X4)and efficiency ratios include: quality of sales ratio (X5) and cash flow return on assets (X6)and company performance during the period 2018 to 2021 as shown in Table 2.

Table 2. Descriptive Statistics of Variables

Variable	Before the Covid 19 Pandemic			During the Covid 19 Pandemic		
	Lowest	Highest	Average	Lowest	Highest	Average
Cash flow adequacy(X1)	-7.79	6.54	0.47	-12.21	4.22	0.33
Cash interest coverage(X2)	-0.60	1685,40	95,20	-187.49	13646.33	393.74
Cash debt coverage(X3)	-20.64	157.34	8.00	-103.77	31.28	-0.91
Depreciation amortization (X4)	-0.67	1.13	0.12	-0.37	3.46	0.16
Quality of sales ratio(X5)	-0.21	1.22	0.14	-0.47	0.49	0.12
Cash flow return on assets(X6)	-0.31	0.49	0.10	-0.30	0.40	0.09
Financial performance	-9.21	60.72	7.99	-15.37	59,90	5.41

Source: SPSS Outputs, 2022.

Based on table 2, it can be seen that the cash flow adequacy value before the covid 19 pandemic was the lowest value at -7.79 and the highest at 6.54 with an average cash flow adequacy ratio of 0.47 or 47%. This indicates that the company can fulfill its obligations to investors, and creditors and can make investments. The cash flow adequacy value during the covid 19 pandemic had the lowest value of -12.21 and the highest of 4.2 with an average cash flow adequacy ratio of 0.33 or 33%. This indicates that the company can fulfill its obligations to investors, and creditors and can make investments. Thus the cash flow adequacy before the covid 19 pandemic was better than during the covid 19 pandemic.

The value of cash interest coverage before the COVID-19 pandemic was the lowest at -.60 and the highest at 1685.40 with an average value of 95.20. This indicates that the company can meet interest payments on all proposed debts. The value of cash interest coverage during the COVID-19 pandemic was the lowest at -187.49 and the highest at 13646.33 with an average value of 393.74. This indicates that the company can meet interest payments on all proposed debts. Thus the cash interest coverage before the COVID-19 pandemic was better than during the COVID-19 pandemic.

Score *cash debt coverage* before the covid 19 pandemic, the lowest was -20.77 and the highest was 157.34 with an average value of 8.00. This indicates that the company can pay off debt from the company's operating activities. Score *cash debt coverage* During the COVID-19 pandemic, the lowest was -103.77 and the highest was 31.28 with an average value of -0.91. This indicates that the company can pay off debt from the company's operating activities. Therefore *cash debt coverage* before the covid 19 pandemic was better than during the covid 19 pandemic.

Score *depreciation amortization* before the covid 19 pandemic, the lowest was -0.67 and the highest was 01.13 with an average value of 0.12. This indicates that the company has a profit before tax, interest, depreciation, and amortization of 12% of the total assets owned by the company. Score*depreciation amortization* during the COVID-19 pandemic, the lowest was -0.37 and the highest was 3.46 with an average value of 0.16. This indicates that the company has a profit before tax, interest, depreciation, and amortization of 16% of the total assets owned by the company. Therefore*depreciation amortization* during the covid 19 pandemic, it's better than during the covid 19 pandemic.

Score *quality of sales* before the covid 19 pandemic, the lowest was -0.21 and the highest was 1.22 with an average value of 0.14 or 14%. This indicates that the company has quite good quality sales during the 2018 and 2019 periods. Score *quality of sales* during the COVID-19 pandemic, the lowest was -0.47 and the highest was 0.49 with an average value of 0.12 or 12%. This indicates that the company has quite good quality of sales during the 2020 and 2021 periods. Therefore the *quality of sales* before the covid 19 pandemic was better than during the covid 19 pandemic.

Score *cash flow return on assets* before the covid 19 pandemic, the lowest was -0.31 and the highest was 0.49 with an average value of 0.10 or 10%. This indicates that the company generates returns for investors. Score *cash flow return on assets* during the COVID-19 pandemic, the lowest was -0.30 and the highest was 0.40 with an average value of 0.09 or 9%. This indicates that the company generates returns for investors. Therefore *cash flow return on assets* before the covid 19 pandemic was better than during the covid 19 pandemic.

The company's performance as measured by ROA before the covid 19 pandemic ranged from -9.21% to 60.72% with an average value of 7.99%. This indicates the ability of food and beverage sector companies to generate an average profit of 7.99% of their capital. This indicates that the company can manage assets owned to earn profit. The company's performance as measured by ROA during the COVID-19 pandemic ranged from -15.37% to 59.90 with an average value of 5.41%. This indicates the ability of food and beverage sector companies to generate an average profit of 5.41% of their capital. This indicates that the company can manage assets owned to earn profit. Thus, companies in the food and beverage sector before and during the COVID-19 pandemic had a good performance, but before the COVID-19 pandemic, they were better than during the COVID-19 pandemic.

Multiple Regression Analysis

To test the analysis of the ability of cash flow to predict the company's financial performance, it is presented in table 3.

Table 3. Cash Flow Ability to Predict Company Financial Performance

Variable	Before the Covid 19 Pandemic			During the Covid 19 Pandemic		
	Regression coefficient	*t value*	*p-value*	Regression coefficient	*t value*	*p-value*
Cash flow adequacy(X1)	-2,070	-1,773	0.082	-0.661	-0.703	0.485
Cash interest coverage(X2)	-0.003	-0.659	0.513	0.001	0.744	0.460
Cash debt coverage(X3)	-0.022	-0.414	0.681	-0.076	-0.870	0.389
Depreciation amortization (X4)	10,792	2,197	0.033	-4,227	-1,962	0.055
Quality of sales ratio(X5)	-6,632	-0.814	0.420	-16,228	-0.708	0.482
Cash flow return on assets(X6)	81.205	4,793	0.000	62.157	1,991	0.052
Dependent variable = Company's Financial Performance						

Source: SPSS output processed, 2022.

Cash flow adequacy before the covid 19 pandemic affects company financial performance is not significant at the levelαas big as 5% with p-value number 0,082, the regression coefficient with a value of -2,070. It means *cash flow adequacy* before the covid 19 pandemic did not affect the company's financial performance, and high and low *cash flow adequacy* has no effect on the company's financial performance. *Cash flow adequacy* during the COVID-19 pandemic, which affects company financial performance is not significant at the levelαas big as 5% with a p-value with number 0,485, the regression coefficient with a value of -0.661. It means *cash flow adequacy* during the covid 19 pandemic doesn't affect the company's financial performance, and high and low *cash flow adequacy* has no effect on the company's financial performance. Thus the first hypothesis that states *cash flow adequacy* predicting the company's financial performance before and during the covid 19 pandemic is statistically untested.

Cash interest coverage before the covid 19 pandemic affects company financial performance is not significant at the levelαas big as 5% with a p-value with number 0,513, the regression coefficient with a value of -0.003. It means *cash interest coverage* does not affect the company's financial performance, and high and low *cash flow adequacy* has no effect on the company's financial performance. *Cash interest coverage* during the COVID-19 pandemic, which affects company financial performance is not significant at the levelαas big as 5% with a p-value with number 0,460, the regression coefficient with a value of 0.001. It means *cash interest coverage* does not affect the company's financial performance, and high and low *cash flow adequacy* has no effect on the company's financial performance. Thus the second hypothesis which states *cash interest coverage* predicts the company's financial performance before and during the covid 19 pandemic statistically untested.

Cash debt coverage before the 19th pandemic affects company financial performance is not significant at the levelαas big as 5% with a p-value with number 0,681, the regression coefficient with a value of -0.022. It means *cash debt coverage* does not affect the company's financial performance, and high and low *cash flow adequacy* has no effect on the company's financial performance. *Cash debt coverage* during the pandemic 19 affects company financial performance is not significant at the levelαas big as 5% with a p-value with number 0,389, the regression coefficient with a value of -0.076. It means *cash debt coverage* does not affect the company's financial performance, and high and low *cash flow adequacy* has no effect on the company's financial performance. Thus the third hypothesis which states *cash debt coverage* predicts the company's financial performance before and during the covid 19 pandemic statistically untested.

Depreciation amortization before the covid 19 pandemic affects company financial performance is not significant at the levelαof 5% with a p-value of 0,033, and the regression coefficient is 10,792. mean *depreciation amortization* affects the company's financial performance, the moretall*Depreciation amortization* so that the company's financial performance has decreased. *Depreciation amortization* during the COVID-19 pandemic, which affects company financial performance is not significant at the levelαof 5% with a p-value of 0,055, the regression coefficient is -4.227. mean *depreciation amortization* does not affect the company's financial performance, high and low *depreciation amortization has* no impact on the company's financial performance. Thus the fourth hypothesis which state d*epreciation amortization impact* predicting the company's financial performance before and during the covid 19 pandemic not statistically fully tested.

The quality of sales ratio before the covid 19 pandemic affected the company's financial performance is not significant at the levelαas big as 5% with a p-value number 0,420, the regression coefficient with a value of -6.632. It means *the quality of the sales ratio* does not affect the company's financial performance, and the high and low-*Quality sales ratio* does not affect the company's financial performance. *The quality of sales ratio* during the COVID-19 pandemic, which affects the company's financial performance is not significant at the levelαas big as 5% with a p-value with number 0,482, the regression coefficient with a value of -16,228. It means *the quality of the sales ratio* does not affect the company's financial performance, and high and low *Quality of the sales ratio* has no effect on the company's financial performance. Thus the fifth hypothesis which states that*Quality of sales ratio* predicts the company's financial performance before and during the covid 19 pandemic statistically untested.

Cash flow return on assets before the covid 19 pandemic affected the company's financial performance is significant at the levelαof 5% with a p-value of 0,000, and the regression coefficient is 81.205. mean *cash flow return on assets* affects the company's financial performance, the moretall*Cash flow return on assets* so that the company's financial performance has increased. *Cash flow return on assets* during the COVID-19 pandemic affects the company's financial performance and is not significant at the levelαof 5% with a p-value of 0,052, the regression coefficient is 62.157. mean *cash flow return on assets* does not affect the company's financial performance, high and low *cash flow return on assets have* no impact on the company's financial performance. Thus the sixth hypothesis which states *cash flow return on assets* predicting the company's financial performance before and during the covid 19 pandemic not statistically fully tested.

5. DISCUSSION

Cash Flow Adequacy Ability to Predict Company Financial Performance Before and During the Covid 19 Pandemic

Cash flow adequacy before and during the covid 19 pandemic did not predict the company's financial performance, which means that the high and low cash flow adequacy does not impact the company's financial performance. This indicates that the company under any conditions can purchase assets, payment of dividends, and payment of long-term debt so that during the COVID-19 pandemic the company was still able to generate profits. As opinion (Mulyani 2013), states that the cash flow adequacy ratio is a comparison between cash flow from operations or cash flow from operations (CFFO) with asset purchases, long-term debt payments, and dividend payments. If the company can manage cash flow well, the company's activities can run well without obstacles, because the company can find out the company's cash outflows and inflows at a certain time. accounting period, and control the financial condition regularly, as well as knowing with certainty the source of income and expenses of the company. The findings of this research do not support Jooste (2006), who found that cash flow ratio analysis can be used as a measurement of financial performance because the company's internal parties will be able to know the health of the company's finances and how to make decisions to improve or maintain it.

Cash Interest Coverage Ability to Predict Company Financial Performance Before and During the Covid-19 Pandemic

Cash interest coverage before and during the covid 19 pandemic did not predict the company's financial performance, which means that the high and low cash interest coverage has no impact on the company's financial performance. This indicates that for food and beverage sector companies during the COVID-19 pandemic, you can pay interest on the entire debt. Thus the company's financial performance is in good condition. As an opinion(Tin et al. 2017) states that the *cash interest coverage ratio* is the ratio applied to determine the company's ability to meet interest payments on all proposed debts. The high value of the cash interest coverage ratio is a measure of assessing the company's capacity to take back debt. Monitoring cash flow can make it easier for company managers to determine the best considerations and can be a benchmark in making decisions, such as being able to find out if the business can still be run in the same way or not. In addition, it can facilitate business development so that the products produced in the business are still profitable.

Cash Debt Coverage Ability to Predict Company Financial Performance Before and During the Covid-19 Pandemic

Cash debt coverage before and during the COVID-19 pandemic did not predict the company's financial performance, which means that the high and low cash debt coverage ratio has no impact on the company's financial performance. This indicates that food and beverage sector companies during the covid 19 pandemic were able to pay off their debt to a certain level of cash flow from the company's operational activities. Opinion (Mulyani 2013)which states that the cash debt coverage ratio is the company's interpretation of how well the company's ability to operate depends on the ability to repay the loan principal in both long and short terms.

Depreciation Amortization Impact Ability to Predict Company Financial Performance Before and During the Covid-19 Pandemic

Depreciation amortization impact before the covid 19 pandemic predicted the company's financial performance, but the depreciation amortization impact during the covid 19 pandemic did not predict the company's financial performance. This indicates that if the company can reduce depreciation and amortization costs, it can improve the company's financial performance. Depreciation and amortization calculated by the company can find out how much the final value and depreciation value of an asset in a period, thus the company can find out how much the actual value of the amount business is. On the other hand, if these two things are not considered properly, then the total business value of a company cannot be known with certainty. Indirectly, the company will not know how much business profit it should receive. Besides that, The company cannot see the actual financial condition of the company if it does not pay attention to these two things. As opinion(Latifa 2019)which states that the depreciation-amortization impact ratio is a ratio that is reflected in the percentage of cash originating from the company's operational activities which are sourced from total depreciation and amortization and are related to the maintenance of company assets and sufficiency reinvestment.

Quality of Sales Ratio Ability to Predict Company Financial Performance Before and During the Covid-19 Pandemic

The quality of sales ratio before and during the covid 19 pandemic did not predict the company's financial performance, which means that the size of the quality of sales ratio has no impact on the company's financial performance. This indicates that for food and beverage sector companies during the COVID-19 pandemic, the company has high-quality of sales goods because the company can generate profits. As opinion(Arapi and Lumentah 2017), state that the Quality of Sales Ratio or Cash Flow to Sales has the background to determine the high level of quality of company sales. Companies that report increased profits, so that information can be categorized as a good signal because it indicates the good condition of the company. On the other hand, the company that presents the profit decreases so that the company is in a bad condition or bad news. According to Brigham and Houston (2001), a signal is an action taken by company management as a guide for investors, how management views the company's prospects for the future. Companies with profitable prospects will prevent the sale of shares and seek any new capital in other ways. The more activities, the higher the costs incurred by the company and vice versa. Although this component of operating expenses is relatively different for every company, in terms of policy (efficiency) it can be done for every company. The findings of this research do not support Gulec & Bektas (2019) which finds that the company is not good enough at obtaining sufficient cash for activities and the low quality of earnings due to the value of cash quality in the ratio of sales and earnings quality.

The Ability of Cash Flow Return on Assets to Predict the Company's Financial Performance Before and During the Covid-19 Pandemic

Cash flow return on assets before the covid 19 pandemic predicted the company's financial performance, but cash flow return on assets during the covid 19 pandemic did not predict the company's financial performance. This indicates that before the covid 19 pandemic the company was quite efficient in managing company operations. The company's level of efficiency in carrying out operations can generate profits can improve the company's financial performance. The efficiency of this company is one of the priorities to increase higher profits. The company performs efficiently to determine the capabilities of the company's operations. Especially those related to the company's main business and are carried out well and are used to indicate that the company has used all its production factors effectively and effectively. In the end, it is the level of operating efficiency of a company that can affect the performance of the company concerned, thereby increasing ROA. As opinionRudianto (2013) states that financial performance is the results obtained or achievements achieved by the company's internal management in managing assets efficiently and effectively during the specified period.

The results of the analysis indicate that before the covid 19 pandemic food and beverage companies were still able to generate profits, so the company's financial performance was still stable because the consumer goods industry sector was always in demand and needed by consumers despite the Covid 19 outbreak. Fahmi (2014:2) states that financial performance is an analysis carried out to see the ability of companies that have implemented correct and good financial implementation rules. Companies that have good corporate financial performance can manage their assets to provide value for profits. Thus, the continuity of the company can be better maintained both in the short and long term. The findings of this study support Silalahi and Ginting (2020) who state that there is no difference in ROA before and after the merger. However, the findings of this research do not support Hilman and Laturette (2021) who state that there are differences in ROA before and during the COVID-19 pandemic.

6. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

This research aims to analyze the ability of cash flow adequacy, cash interest coverage, cash debt coverage, depreciation amortization impact, quality of sales ratio, and cash flow return on assets to predict the company's financial performance before and during the covid 19 pandemic. The results showed Cash flow adequacy before and during the covid 19 pandemic is not able to predict the company's financial performance. This indicates that the high and low cash flow adequacy does not have an impact on the company's financial performance. Food and beverage companies under any conditions can purchase assets, pay dividends and pay the long-term debt so that during the COVID-19 pandemic the company is still able to generate profits. Cash interest coverage before and during the COVID-19 pandemic was not able to predict the company's financial performance. This indicates that the level of cash interest coverage does not have an impact on the company's financial performance. Food and beverage sector companies before and during the COVID-19 pandemic were able to pay interest on the entire debt. *Cash debt coverage* before and during the covid 19 pandemic was not able to predict the company's financial performance. This indicates that the level of cash debt coverage does not have an impact on the company's financial performance. Food and beverage sector companies before and during the covid 19 pandemic were able to pay off their debt to a certain level of cash flow from the company's operational activities. Depreciation amortization impact before affecting the company's financial performance, but during the covid 19 pandemic it was not able to predict the company's financial performance. This indicates that the higher depreciation amortization impact before the COVID-19 pandemic could improve the company's financial performance, but during the COVID-19 pandemic, the high and low depreciation amortization impact had no impact on the company's financial performance. The quality of sales ratio before and during the COVID-19 pandemic was not able to predict the company's financial performance. This indicates that the high and low quality of sales ratio does not have an impact on the company's financial performance. Food and beverage sector companies before and during the COVID-19 pandemic, the company had high-quality sales goods, because the company can generate profits. Cash flow return on assets before covid 19 predicted the company's financial performance, but during the covid 19 pandemic, it was not able to predict the company's financial performance. This indicates that the higher cash flow return on assets can improve the company's financial performance before covid 19, but the high and low cash flow return on assets during the covid 19 pandemic has no impact on the company's financial performance.

Recommendations

1. For companies to maintain good financial performance, thereby increasing the attractiveness of investors to invest in the company.
2. For investors, it is hoped that the findings of this research can be used by potential investors to find out the company's financial performance and a reference in making decisions to choose a company as an investment.
3. The findings of this research can be used as additional references for further research and can improve this research by conducting research in other sectors, as well as adding other variables that can predict financial performance such as solvency and liquidity ratios.

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