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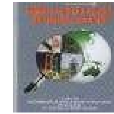

The Financial Performance of Acquired Firms on Energy and Consumer Sectors in Indonesia -----

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ABSTRACT

This research aims to examine the differences in the average financial performance one year before and one year after mergers and acquisitions in publicly traded companies listed on the Indonesia Stock Exchange, particularly in the energy and consumer sectors. The sample size used consists of 20 companies in the energy sector, 20 companies in the consumer sector, and 44 companies in other sectors that went through mergers and acquisitions within the period of 2016 to 2020. Data processing was carried out using a Paired Sample T-Test with the assistance of SPSS version 26. The research results indicate that there is an increase in the market prospect ratio, leverage ratio, and efficiency ratio one year after mergers and acquisitions for acquiring companies in the energy and consumer goods sectors. Meanwhile, there is a decrease in the profitability ratio and liquidity ratio one year after mergers and acquisitions for acquiring companies in the energy and consumer goods sectors. This confirms that mergers and acquisitions contribute to the differences in the financial performance of acquiring companies in the energy and consumer goods sectors in Indonesia.

The primary aim of this research is to explore the difference affected by mergers on the indicators of profitability, efficiency, liquidity, leverage, and market prospect performance for Indonesian Energy and Consumer Companies undergoing mergers in Indonesia. The secondary goal is to scrutinize and assess the extent to which mergers and business takeovers influence the profitability, efficiency, liquidity, leverage, and market prospect performance of the chosen companies in the Energy and Consumer Sectors in Indonesia.

INTRODUCTION

Globalization and free competition require every company to continually develop its strategies to survive, grow, and remain competitive. Corporate restructuring is one of the strategies companies use to develop themselves (Kumaraswamy, Ebrahim, and Nasser 2019). Merger and acquisition activities are particularly interesting in corporate restructuring to gain a competitive advantage and corporate dominance (Kumaraswamy, Ebrahim, and Nasser 2019). Merger is the combination of two or more companies into one entity, where the acquiring company retains its identity, while the acquired company ceases its operations and merges its legal entity (Tampubolon, 2013). On the other hand, acquisition is the takeover of ownership or control of a company's shares or assets by another company, and in this event, both the acquiring and acquired companies continue to exist as separate legal entities (Gustyana & Ersyad, 2018). If the motive for merger and acquisition is to achieve synergy, then synergy will lead to improved company performance after this activity and generate more value than the individual company values.

Currently, Indonesia contributes to 35% of ASEAN's GDP and represents 40% of the region's population. The middle-class society and the young population dominate the country's economic activities, which are currently growing at a stable rate of 6%. Indonesia is expected to be one of the world's top 10 economies by 2025. By 2030, Indonesia is projected to have approximately 90 million new consumers, providing a reason to invest in the country, considering its population of 250 million, making it the fourth-largest economy globally (Halim, 2016).

The number of companies engaging in M&A and the transaction value in Indonesia peaked in 2012, then declined both in quantity and value, especially during the period 2013-2015 (Duff & Phelps Singapore Pte Ltd, 2016). However, these numbers recovered in 2016, dominated by domestic transactions due to economic packages introduced by President Joko Widodo with the aim of enhancing competitiveness and attracting investment (Timmerman, 2017).

The success of mergers and acquisitions can be determined through the financial performance of companies. According to Erdur and Kara (2014), financial performance is the company's activities related to financial data during a specific period, reflecting the extent to which financial goals are achieved. Financial performance can indicate the company's strategy, implementation of strategy, and all initiatives to improve the company's profit (Hamidu, 2013). The measurement of the results of mergers and acquisitions can be seen through the analysis of the company's financial ratios. Improvement in these ratios can indicate the success of the company in achieving financial and operational synergy between the two companies that have newly merged.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

The synergy theory was first proposed by Gunther in 1955, where this theory states that mergers and acquisitions occur widely because this process generates "synergy" between the acquiring company and the target company. Through this synergy, it is expected to increase the company's value (Omotayo, 2019). The synergy theory explains that two companies can achieve greater benefits when they merge compared to operating independently (Panayides et al., 2018). Financial performance is one of the foundations for assessing the financial condition of a company (Sumantri & Agustianti, 2017), and ratios are analytical tools used to understand the financial condition of a company and review management performance in a specific period (Hasanah & Oktaviani, 2017). According to Ghozali (2019), if a company merges, becomes larger, and generates synergy from the combination of activities, then the company's profit will also increase. Previous research shows varied results on the financial performance of companies in Indonesia after mergers and acquisitions.

Petronila, in 2023, conducted research involving 29 non-financial companies in Indonesia from 2017-2019 using paired sample T-test and Wilcoxon Signed Rank. The results showed differences in financial performance measured by NPM and ROA before and after mergers and acquisitions. However, there was no difference in CR, TDR, TATO, and shareholders' return.

Hadyarti, in 2022, conducted research on manufacturing companies in Indonesia from 2016-2020 using paired sample T-test and Wilcoxon Signed Rank on several ratios and found no differences in ROA, ROE, but there was a difference in NPM before and after mergers and acquisitions. Additionally, other variables such as DER, TATO, and EPS did not show significant differences.

Al Murtadho, in 2022, conducted research involving 5 state-owned enterprises (BUMN) and 5 non-state-owned enterprises (BUMS) listed on the Indonesia Stock Exchange to determine the difference in financial performance before and after mergers and acquisitions. The method used was Paired Independent T-Test with the help of SPSS. The results showed a significant difference in profitability ratios but no significant difference in other ratios such as liquidity, leverage, efficiency, and capital position.

Dewi & Widjaja, in 2021, conducted research to test the difference in company performance before and after mergers and acquisitions from 2014 to 2018. The observation period used was one year before mergers and acquisitions and two years after mergers and acquisitions. Data were tested with paired sample T-test and Wilcoxon Signed Rank using Liquidity ratios (CR), Solvability (DER), Activity (TATO), Profitability (OPM, NPM, ROA, ROE), and Abnormal Return. The research results showed no significant difference in financial performance before and after mergers and acquisitions.

Yeni, in 2017, conducted research analyzing the performance of companies before and after mergers in companies listed on the Indonesia Stock Exchange. The observation period taken spanned 3 years before and after the merger period. A total of 6 companies from various sectors were selected as the data to be tested. Data were tested using paired sample t-test and

Mann-Whitney test focusing on DER, ROE, NPM, ROA, and EPS ratios. The conclusion of this study stated that significant changes only occurred before and after the merger in the DER and ROA variables, but there were no significant changes in ROE, NPM, and EPS.

Due to differences in the results of previous research, this study will compare different ratio analysis variables to see differences in the financial performance of companies before and after merger and acquisition activities, especially in the energy and consumer sectors in Indonesia using the Paired T-Test. The measured variables consist of: profitability, liquidity, leverage, efficiency, and market prospect. The objective of this study is to determine whether the financial performance of companies is significantly influenced by the merger and acquisition process. Therefore, the hypothesis in this study is:

H1: Mergers and Acquisitions have a significant effect on the difference of the market prospect ratios of Energy and Consumers Sector in Indonesia
H2: Mergers and Acquisitions have a significant effect on the difference of the profitability ratios of Energy and Consumers Sector in Indonesia
H3: Mergers and Acquisitions have a significant effect on the difference of the financial leverage ratios of Energy and Consumers Sector in Indonesia
H4: Mergers and Acquisitions have a significant effect on the difference of the efficiency ratios of Energy and Consumers Sector in Indonesia
H5: Mergers and Acquisitions have a significant effect on the difference of the liquidity ratios of Energy and Consumers Sector in Indonesia

RESEARCH METHOD

Methods and Variables

The research conducted is descriptive and explanatory in nature to examine the cause-and-effect relationship resulting from mergers and acquisitions on the financial performance of acquiring companies listed on the Indonesia Stock Exchange during the period 2017-2021. This also constitutes the population of the study. This type of research aims to explain the relationship between two or more variables and elucidate the reasons for a particular event (Sari, M., Rachman, H., Astuti, N. J., Afgani, M. W., & Siroj, R. A., 2023). Financial performance in this study will be assessed based on profitability ratios (ROA, ROE, NPM), liquidity (Current Ratio, Working Capital to Total Asset), leverage (Debt to Asset, Debt to Equity), efficiency (Asset Turnover, Fixed Asset Turnover, Working Capital Turnover), and market prospect (EPS, PER).

Data Collection

The sample used in the research consists of 84 acquiring companies listed on the Indonesia Stock Exchange that engaged in mergers and acquisitions from 2017 to 2021, with a specific focus on the consumer and energy sectors. The sampling method employed is convenience sampling, which is a part of non-probability sampling techniques. Convenience sampling is a technique of sampling from sources that are easily accessible and available (Andrade, 2021). This method was chosen because the number of open acquiring companies in Indonesia is not substantial, and information regarding the financial reports of some companies is not readily available. Therefore, the researcher used publicly listed acquiring companies with data availability for one year before and one year after the mergers and acquisitions.

Data Types, Data Sources, and Data Analysis

The data in this study are secondary data obtained from the Revinitif Data Center of Petra Christian University, one year before and one year after the mergers and acquisitions of the companies used. The method used to analyze the data is a descriptive method with the assistance of SPSS 26 software. The data are presented in tables in the form of numbers to provide clear, structured, and easily understandable information. The T-test is used to compare two sets of interrelated data, in this case, the company's performance data before and after mergers and acquisitions. The procedure for this test involves calculating the average differences between the data and standard deviation, which is then used to determine whether there is a statistically significant difference. Therefore, this test is highly suitable for use in this research.

RESULTS AND DISCUSSION

Results

Table 1: Market Prospect Ratio

No	Merger Company Sector	EPS			PER		
		Pre	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**
1	Indonesian Energy Company Sector	0.016	0.032	0.016**	25.095	21.588	0.084*
2	Indonesian Consumer Company Sector	146.362	153.993	0.025**	18.485	14.302	0.063*
3	Indonesian Other Company Sector	146.551	171.761	0.033**	23.489	49.032	0.045**

Table 2: Profitability Ratio

No	Merger Company Sector	ROA			ROE			NPM		
		Pre	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**
1	Indonesian Energy Company Sector	0.057	0.043	0.042**	0.106	0.066	0.066	0.088	0.047	0.030**
2	Indonesian Consumer Company Sector	0.073	0.053	0.078*	0.141	0.102	0.072*	0.068	0.054	0.027**
3	Indonesian Other Company Sector	0.042	0.046	0.070*	-0.255	0.071	0.035*	0.170	0.161	0.074*

Table 3: Leverage Ratio

No	Merger Company Sector	Debt to Asset			Debt to Equity		
		Pre	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**
1	Indonesian Energy Company Sector	0.317	0.321	0.084*	1.000	1.135	0.056*

2	Indonesian Consumer Company Sector	0.271	0.287	0.057*	0.721	0.778	0.063*
3	Indonesian Other Company Sector	0.268	0.275	0.077*	2.041	0.772	0.029**

Table 4: Efficiency Ratio

No	Merger Company Sector	**Asset Turnover**			**Fixed Asset Turnover**			**Working Capital Turnover**		
		Pre	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**
1	Indonesian Energy Company Sector	0.644	0.669	0.048**	7.037	9.937	0.011**	2.941	3.827	0.022**
2	Indonesian Consumer Company Sector	1.064	1.105	0.069*	2.918	2.807	0.061*	4.466	7.447	0.016**
3	Indonesian Other Company Sector	0.561	0.522	0.130	14.870	5.805	0.335	-0.613	-3.721	0.070*

Table 5: Liquidity Ratio

No	Merger Company Sector	**Current Ratio**			**Working Capital to Total Asset Ratio**		
		Pre	**Post**	**Sig. (2-tailed)**	**Pre**	**Post**	**Sig. (2-tailed)**
1	Indonesian Energy Company Sector	2.211	1.968	0.055*	0.173	0.145	0.019**
2	Indonesian Consumer Company Sector	2.253	1.631	0.015**	0.172	0.133	0.170
3	Indonesian Other Company Sector	2.301	1.473	0.082*	0.105	0.048	0.005**

Source: compiled by the author

Note: ** significance at 5%, * significance at 10%

Table 1 shows the results of the market prospect ratio after the merger of three company sectors in Indonesia, namely the Indonesian Energy Company Sector, Indonesian Consumer Company Sector, and Indonesian Other Company Sector. There are significant differences in all indicators of the market prospect ratio. The Indonesian Energy Company Sector shows a significant increase in earnings per share (EPS) from 0.016 before the merger to 0.032 afterward, with a price-to-earnings ratio (PER) decrease from 25.095 to 21.588. Statistically, this difference is significant with a value of $p < 0.1$. The Indonesian Consumer Company Sector also shows a significant increase in EPS, from 146.362 to 153.993, with a decrease in PER from 18.485 to 14.302. Although not as strong as the energy sector, this difference

remains significant with $p < 0.1$. On the other hand, the Indonesian Other Company Sector shows a larger increase in EPS, from 146.551 to 171.761, but with a significant increase in PER from 23.489 to 49.032. Nevertheless, this difference is still considered significant with $p < 0.05$. Thus, the merger results indicate a positive impact on the varying outcomes, especially in the energy and consumer sectors, while the other sector shows a significant increase in EPS but with a noteworthy increase in PER.

Table 2 presents the results of the impact analysis of the merger on three company sectors in Indonesia, namely the Indonesian Energy Company Sector, Indonesian Consumer Company Sector, and Indonesian Other Company Sector. There are significant differences in all indicators of profitability ratio. The Indonesian Energy Company Sector shows significant changes in Return on Assets (ROA) from 0.057 to 0.043 after the merger, while Return on Equity (ROE) decreases from 0.106 to 0.066. These significant changes align with the decrease in Net Profit Margin (NPM) from 0.088 to 0.047. Similar to the results in the Indonesian Energy Company Sector, the Indonesian Consumer Company Sector experiences a significant decrease with $p < 0.1$ in ROA from 0.073 to 0.053, ROE from 0.141 to 0.102, and NPM from 0.072 to 0.054. On the other hand, the Indonesian Other Company Sector shows an increase in ROA from 0.042 to 0.046, an increase in ROE from -0.255 to 0.071, and a decrease in NPM from 0.035 to 0.170. Significant changes are observed in all three indicators, namely ROA, ROE, and NPM with $p < 0.1$. Overall, the merger results have a varied impact on the financial performance of the three sectors, with the energy and consumer sectors showing significant decreases in ROA, ROE, and NPM, while the other sector exhibits varied changes in all financial performance parameters.

Table 3 provides an overview of the leverage ratios, revealing the comprehensive impact analysis of the merger on three company sectors in Indonesia, namely the Indonesian Energy Company Sector, Indonesian Consumer Company Sector, and Indonesian Other Company Sector. There are significant differences in all indicators of the leverage ratio. The Indonesian Energy Company Sector shows a significant increase in the Debt to Asset ratio from 0.317 to 0.321 after the merger, and a more pronounced increase in the Debt to Equity ratio from 1.000 to 1.135. Both changes are statistically significant with a value of $p < 0.1$. In contrast, the Indonesian Consumer Company Sector shows an increase in both ratios, with the Debt to Asset ratio rising from 0.271 to 0.287 and the Debt to Equity ratio increasing from 0.721 to 0.778. Although these changes are significant at $p < 0.1$, the impact is not as strong as in the energy sector. In the other sector, a significant increase is observed in the Debt to Asset ratio from 0.268 to 0.275, while the Debt to Equity ratio undergoes a considerable decline from 2.041 to 0.772. These differences are statistically significant with $p < 0.1$. Thus, the merger results on leverage ratios indicate variability in their impact, with the energy and other sectors experiencing significant changes, especially in the debt-to-asset ratio, while the consumer sector shows a significant increase in both leverage ratios.

Table 4 presents results covering efficiency ratios, revealing significant changes resulting from the merger of three company sectors in Indonesia, namely the Indonesian Energy Company Sector, Indonesian Consumer Company Sector, and Indonesian Other Company Sector. The Indonesian Energy Company Sector shows a significant increase in Asset Turnover from 0.644 to 0.669 after the merger, reflecting better efficiency in asset utilization. Additionally, Fixed Asset Turnover also increases from 7.037 to 9.937, and Working Capital Turnover from 2.941 to 3.827, with all three changes statistically significant at $p < 0.05$. In the consumer sector, a significant increase is observed in Asset Turnover from 1.064 to 1.105 and Working Capital Turnover from 4.466 to 7.447 after the merger. Although a decrease occurs in Fixed Asset Turnover from 2.918 to 2.807, the significant increase in the other two ratios indicates improved efficiency in asset and working capital management. In the other sector, merger results show variability in efficiency, with a decrease in Asset Turnover from 0.561 to 0.522 and Working Capital Turnover from -0.613 to -3.721, although both changes are not significant at $p < 0.05$. Conversely, Fixed Asset Turnover experiences a non-significant increase from 14.870 to 5.805. Thus, the merger results on efficiency ratios indicate a significant improvement in the energy and consumer sectors, while the other sector shows variability in asset and working capital efficiency.

Table 5 shows results related to liquidity ratios, indicating the clear impact analysis of the merger on three company sectors in Indonesia, namely the Indonesian Energy Company Sector, Indonesian Consumer Company Sector, and Indonesian Other Company Sector. There are significant differences in all indicators of the liquidity ratio. The Indonesian Energy

Company Sector shows a significant decrease in the Current Ratio from 2.211 to 1.968 after the merger, reflecting a potential decrease in liquidity. Additionally, the Working Capital to Total Asset Ratio also decreases from 0.173 to 0.145, with both changes statistically significant at $p < 0.1$. In the consumer sector, liquidity changes are more dramatic, with a significant decrease in the Current Ratio from 2.253 to 1.631 and the Working Capital to Total Asset Ratio from 0.172 to 0.133. Although both changes are significant at $p < 0.05$, the sharp decrease in the Current Ratio indicates a higher potential liquidity risk. Conversely, the other sector shows a decrease in the Current Ratio from 2.301 to 1.473, and a significant decrease in the Working Capital to Total Asset Ratio from 0.105 to 0.048. Both changes are statistically significant at $p < 0.05$, indicating a significant decrease in liquidity in this sector. Thus, the merger results on liquidity ratios indicate a significant decrease in liquidity in all three sectors, with the consumer sector showing a greater impact compared to the energy and other sectors.

Discussion

Based on this research, there is an improvement in the market prospect ratio in both sectors, the Indonesian Energy Company Sector and the Indonesian Consumer Company Sector, after the merger and acquisition. Significant changes in all indicators of the market prospect ratio, especially earnings per share (EPS) and price-to-earnings ratio (PER), indicate that the merger has a positive contribution to the financial performance of these companies. The energy sector shows a significant increase in EPS, doubling from 0.016 to 0.032, while PER experiences a substantial decrease from 25.095 to 21.588. This signifies that the merger results in enhanced profitability and efficiency in stock price per earnings. The consumer sector also experiences a significant increase in EPS and a decrease in PER, although not as strong as the energy sector. This finding aligns with the research by Jallow, Masazing, and Basit (2017), stating a significant difference, namely an increase in EPS after a merger and acquisition. Furthermore, research conducted by Mia and Asmirawati (2022) states that PER one year after a merger and acquisition increases even though the difference is not significant. Thus, these findings support previous research literature indicating that mergers can have a positive impact, especially on the market prospect ratio using EPS and PER indicators, particularly in terms of increasing EPS. However, it should be noted that there is variation in the impact between sectors.

On the other hand, there is a decrease in profitability ratios. The results provide an overview of Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) one year after the merger, revealing significant changes in profitability ratios. The energy sector shows a striking decline in Return on Assets (ROA) and Return on Equity (ROE), as well as Net Profit Margin (NPM) post-merger. Although ROE significantly decreases from 0.106 to 0.066, the decline in ROA from 0.057 to 0.043 indicates a decrease in asset efficiency. The decrease in NPM from 0.088 to 0.047 reflects a reduction in net profit margin. Similarly, the consumer sector experiences a significant decline in ROA, ROE, and NPM, indicating a negative impact on efficiency and profitability. This finding is consistent with and supported by the research conducted by Fitriasari (2016); Mia and Asmirawati (2022), stating that profitability ratios tend to decrease after mergers and acquisitions. According to the study by Moeller and Schlingemann (2005), these costs can put significant pressure on profitability. The research shows that integration and transition costs after a merger are often higher than initially estimated. These costs involve the harmonization of systems, processes, and employees of both merging companies. Various factors mentioned can interact and contribute to a decrease in company profitability after a merger. It is essential to note that the impact of each factor may vary depending on the specific context of each merger and the characteristics of the involved companies. This finding indicates that the effects of mergers are not uniform across all sectors, emphasizing the need for customized management strategies to optimize financial performance after company integration.

Furthermore, the results also show significant changes in leverage ratios after the merger and acquisition, namely Debt to Asset Ratio and Debt to Equity Ratio in the Indonesian Energy Company Sector and the Indonesian Consumer Company Sector. The energy sector shows a significant increase in the Debt to Asset ratio, reflecting an increase in the debt-to-asset ratio from 0.317 to 0.321, and a more pronounced increase in the Debt to Equity ratio from 1.000 to 1.135. Although this impact is significant at $p < 0.1$, the consumer

sector also experiences a substantial increase in both leverage ratios, although not as strong as in the energy sector. This result reflects that the merger not only affects the energy and consumer sectors differently but also produces variability in the financial structure of companies. This result is in line with the research conducted by Nurfauziah and Ainy (2018), stating that the tested leverage indicators show a significant difference between before and after mergers and acquisitions. This result indicates that companies become more effective in using their equity to secure debt after mergers and acquisitions. In line with Hitt, Ireland, and Hoskisson (2017), the merger process often involves significant costs, such as acquisition costs, integration costs, and financial restructuring. Companies often choose to finance most or all of these costs through borrowing, which can increase the overall leverage ratio. Moreover, after a merger, companies may have plans for expansion or business diversification that require additional funding sources. An increase in debt can be a strategy to support this growth, although with the consequence of an increased leverage ratio.

Not only in Market Prospect Ratio and Leverage Ratio, but the Efficiency Ratio of both company sectors, the Indonesian Energy Company Sector and the Indonesian Consumer Energy Sectors, also experienced an increase one year after the merger and acquisition. It was found that the energy sector had a significant difference, namely an increase in Asset Turnover, Fixed Asset Turnover, and Working Capital Turnover after the merger, reflecting an increase in efficiency in the use of assets and working capital. In contrast, the consumer sector shows a significant increase in Asset Turnover and Working Capital Turnover, although there is a decrease in Fixed Asset Turnover. Although other sectors show variations in efficiency, this result highlights significant differences in the energy and consumer sectors. This result is supported by research conducted by Larasati and Wirama (2018), stating that the company's efficiency ratio increases one year after mergers and acquisitions. According to Mitchell and Mulherin (1996), mergers and acquisitions may result in economies of scale, where the cost per unit of production or service can be reduced. This can improve operational efficiency and optimize the use of company assets after a merger. Not only that, according to Hitt, Ireland, and Hoskisson (2017), mergers can create operational synergies among merging companies. Operational integration and resource merging can improve overall asset and operational efficiency, reflected in the increased efficiency ratio.

However, different results are shown by the liquidity ratio, which experienced a significant difference, namely a decrease one year after the merger and acquisition for both company sectors. Specifically, the significant decrease in the Current Ratio and Working Capital to Total Asset Ratio in the Indonesian Energy Company Sector indicates a potential decrease in liquidity after the merger. In the Indonesian Consumers Company Sector, the more dramatic decrease in both liquidity ratios indicates a higher liquidity risk after the merger. This finding is consistent with the research conducted by Miranda (2021); Siti (2023), which found a decrease in liquidity ratio indicators one year after a merger. In the context of a merger, companies may have to meet new financial obligations, such as debt payments or debt settlements from the acquired company. This can reduce liquidity. Furthermore, according to David (2013), after a merger, companies may face higher levels of uncertainty related to operational integration, organizational restructuring, and adaptation to a new culture. This uncertainty can make management more conservative in maintaining liquidity.

CONCLUSIONS AND SUGGESTIONS

Based on the research findings, it can be concluded that Mergers and Acquisitions (M&A) have a significant impact on various financial ratios in the energy and consumer sectors in Indonesia. The first hypothesis, stating that Mergers and Acquisitions have a significant influence on the differences in market prospect ratios, is proven to be true. There is a significant increase in earnings per share (EPS) and a decrease in the price-to-earnings ratio (PER) in the energy and consumer sectors, indicating a positive impact of Mergers and Acquisitions on financial performance.

However, the second hypothesis, stating that Mergers and Acquisitions significantly affect the differences in profitability ratios, is not fully validated. Despite significant changes in Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM), the results tend to show a decline in efficiency and profitability, particularly in the energy and consumer sectors. This negative impact can be attributed to the high integration and transition costs after Mergers and Acquisitions, consistent with previous research findings.

Meanwhile, the third hypothesis, stating that Mergers and Acquisitions significantly influence differences in leverage ratios, is proven to be true. There is a significant increase in the debt-to-asset ratio and the debt-to-equity ratio in the energy and consumer sectors. This indicates that Mergers and Acquisitions can affect the financial structure of companies, and the increase in debt may be a strategy to support integration costs and post-Mergers and Acquisitions growth.

The fourth hypothesis, stating that Mergers and Acquisitions significantly affect differences in efficiency ratios, is proven to be true, especially in the energy and consumer sectors. There is a significant increase in Asset Turnover, Fixed Asset Turnover, and Working Capital Turnover, reflecting an improvement in efficiency in the use of assets and working capital. This supports the idea that Mergers and Acquisitions can create operational synergies and enhance overall efficiency.

Finally, the fifth hypothesis, stating that Mergers and Acquisitions significantly influence differences in liquidity ratios, is proven to be true. There is a significant decrease in the Current Ratio and Working Capital to Total Asset Ratio, indicating a higher liquidity risk post-Mergers and Acquisitions in the energy and consumer sectors.

Suggestions for further research include considering additional research data to understand the long-term impact of Mergers and Acquisitions. Additionally, extending the research period could provide a more comprehensive overview of changes in financial performance post-Mergers and Acquisitions. Authors are advised to further investigate specific factors that may moderate the impact of Mergers and Acquisitions on the energy, consumer, and other sectors to gain deeper insights into result variations. Thus, further research can contribute more to understanding the impact of Mergers and Acquisitions on the financial performance of companies in Indonesia.

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