

ABSTRACT

Metals and minerals sub sector is one of the industries that has an important role in the Indonesian economy as a provider of energy resources. With the rich potential of natural resources, there are opportunities for companies to explore metals and minerals. The metals and minerals sub sector has brought Indonesia's name into the world's top 10 because it provides great potential. This is evidenced by the nickel mineral which is in the top third position at the global level and the contribution of 39 % for gold products which occupies the second position after China.

The purpose of this study is to compare the two methods, namely the ratio of profitability and Economic Value Added to measure financial performance. The sample used in this study are metal and mineral sub sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The variables used in this study are independent, namely the ratio of profitability and Economic Value Added.

The purpose of this study was to compare the two methods, namely the profitability ratio and Economic Value Added to measure financial performance. In this study, the quantitative descriptive statistical analysis method was used using a different test, namely the Independent Sample Test for data with normal distribution and Mann-Whitney U for data with abnormal distribution. The data used in this study is secondary data from the financial statements of the metal and mineral sub sector companies and there is no data manipulation. The sample used in this study are metal and mineral sub sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The variables used in this study are independent, namely the ratio of profitability and Economic Value Added.

Based on the results of the different test states that there is a significant difference between the profitability ratio method and Economic Value Added with the results of the value data generated by EVA higher than the profitability ratio. Therefore, Economic Value Added is better used in measuring financial performance than profitability ratios, because Economic Value Added takes into account the risks and added value given to company.