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Forecasting Future Cash Flows Using Income Statement Components in Indonesia's Food and Beverage Sector

Peramalan Arus Kas Masa Depan Berdasarkan Komponen Laba di Sektor Makanan dan Minuman Indonesia

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Abstract - This study aims to examine whether gross profit, operating profit, and net profit influence the prediction of future cash flows in food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the 2017-2021 period. The research employs secondary data obtained from the official website of the Indonesia Stock Exchange. The sampling method used is purposive sampling. Out of 72 food and beverage companies listed on the IDX during the study period, 19 companies met the specified criteria. The data were analyzed using multiple linear regression with the fixed effect model, processed using the eviews 12 application. The findings indicate that, partially, gross profit has a negative and significant effect on future cash flow prediction. Operating profit does not have a significant effect. Meanwhile, net profit has a positive and significant effect on the prediction of future cash flows. Simultaneously, gross profit, operating profit, and net profit have a significant joint influence on future cash flows. Different from previous research, this study combines gross profit, operating profit, and net profit variables with the most recent period. The findings provide insights for management and investors in evaluating profit components for forecasting future cash flows.

Keywords: Future Cash Flow, Gross Profit, Net Profit, Operating Profit.

Abstrak *- Penelitian ini bertujuan untuk menguji apakah laba kotor, laba operasi, dan laba bersih berpengaruh dalam memprediksi arus kas di masa mendatang pada perusahaan makanan dan minuman yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2017-2021. Penelitian ini menggunakan data sekunder yang diperoleh dari situs resmi Bursa Efek Indonesia. Metode pengambilan sampel yang digunakan adalah purposive sampling. Dari 72 perusahaan makanan dan minuman yang terdaftar di BEI selama periode penelitian, terdapat 19 perusahaan yang memenuhi kriteria yang telah ditetapkan. Analisis data dilakukan dengan regresi linear berganda menggunakan pendekatan fixed effect model (FEM) melalui aplikasi eviews 12. Hasil penelitian menunjukkan bahwa secara parsial, laba kotor berpengaruh negatif dan signifikan terhadap arus kas di masa mendatang. Laba operasi tidak berpengaruh signifikan, sementara laba bersih berpengaruh positif dan signifikan dalam memprediksi arus kas di masa mendatang. Secara simultan, laba kotor, laba operasi, dan laba bersih berpengaruh signifikan terhadap arus kas masa depan. Berbeda dengan penelitian sebelumnya, penelitian ini menggabungkan variabel laba kotor, laba operasi dan laba bersih dengan periode terbaru. Temuan ini memberikan wawasan bagi manajemen dan investor dalam mengevaluasi komponen laba untuk memproyeksikan arus kas di masa mendatang.*

Kata Kunci*: Arus Kas Masa Depan, Laba Bersih, Laba Kotor, Laba Operasi*.

INTRODUCTION

Published financial statements play a critical role in assessing a company's performance, as the information they contain can be analyzed to predict future conditions, including future cash flows. Therefore, the preparation of high-quality financial statements is essential to ensure that the reports generated are useful not only for the company itself but also for external parties, such as investors and creditors, who rely on them (Saferiya et al., 2024).

Financial statements typically consist of several sections, including the balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to the financial statements (Reschiwati & Aryanty, 2024). While financial statements reflect historical performance, they can also be used to forecast future outcomes, including future cash flows. One key skill that users of financial

statements need to develop is the ability to use historical data to project future financial results (Brealey at al., 2011).

The prediction of future cash flows is particularly important for investors, who must make decisions regarding the purchase or sale of stocks. By understanding the income statement, which includes gross profit, operating profit, and net income, investors can assess a company's future prospects and make informed investment decisions (Sudarmanto & Suratman, 2021). Cash flow, both inflows and outflows, reflects the movement of money within a company, including revenues, loans received, and the costs incurred by the company (Horne & Wachowicz, 2009).

Gross profit, which is derived after subtracting the cost of goods sold from net sales, influences future cash flow prediction as it represents the profit remaining after production costs are accounted for. Operating profit, derived from the difference between sales and operating expenses, also affects cash flow predictions (Reschiwati et al, 2020). An increase in operating expenses can reduce profits and, consequently, lower the available cash from the company's operating activities. Net income, which is the result of accumulated revenues and expenses over a period-including the effects of taxes and interest income-also plays a role in forecasting future cash flows (Kieso et al., 2019).

Several previous studies have shown the influence of gross profit, operating profit, and net income in predicting future cash flows. A study by Fadila, (2018) on transportation companies listed on the Indonesia Stock Exchange (IDX) for the period 2013-2017 found that, while gross profit, operating profit, and net income collectively had a significant impact on future cash flow, only gross profit had a significant individual effect. Another study by Waode and Hasan, (2020) indicated that gross profit had a significant individual effect, while operating profit and net income did not significantly influence cash flow predictions.

Alamsyah and Askandar, (2019) found that both gross profit and net income positively influenced future cash flow predictions, while operating profit had a negative effect. Research by Riyanti et al., (2022) showed that gross profit, operating profit, and net income did not affect future cash flow predictions, but changes in receivables had a significant impact on predicting future cash flows. Binilang et al., (2017) found that net income significantly influenced future operating cash flows, while changes in accounts receivable, accounts payable, and inventory did not have a significant impact. However, collectively, net income, changes in receivables, changes in accounts payable, and changes in inventory did affect future operating cash flow.

Based on the previous research, there is still inconsistency in the findings regarding the impact of gross profit, operating profit, and net income on predicting future cash flows. Therefore, the objective of this study is to re-examine the influence of these factors on future cash flow predictions, using data from the period 2017 to 2021. The research question is whether gross profit, operating profit, and net income influence future cash flow predictions. It is hoped that this study will provide deeper insights into the relationship between these financial variables and future cash flow predictions, which will aid in better decision-making for both management and investors.

LITERATURE REVIEW

Signalling Theory

According to Brigham & Houston, (2018), signaling theory explains that managerial actions, such as the disclosure of financial information, serve as signals sent to external parties, particularly investors, to provide an outlook on the company's future prospects. This information forms the basis for assessing the company's value and making investment decisions. In line with this, Hartono, (2017) asserts that signaling theory is related to the announcement of information, which can be interpreted by investors as either good news or bad news. In this context, financial statements play a crucial role as a medium for conveying signals that reflect the company's performance and financial condition.

The company's management possesses more comprehensive information about the company's condition and potential than external parties. Therefore, through signaling theory, financial statements particularly components like gross profit, operating profit, and net income can serve as signals of the company's ability to generate future cash flows. In this study, gross profit, operating profit, and net income are analyzed as important indicators that signal the company's ability to generate operational

cash flows. The higher the profit generated, the more positive the signal sent to investors, which can ultimately increase confidence in the company's prospects in the future.

Value Relevance Theory

Value relevance theory explains that accounting information is considered relevant if it has a significant relationship with a company's market value or can influence the economic decisions of financial statement users (Barth et al., 2001). In this context, profit whether gross profit, operating profit, or net income can be considered relevant if it is able to provide an accurate prediction of future cash flows. This relevance is crucial because profit information is used by investors, creditors, and other external parties to evaluate the company's performance and future cash flow prospects as a basis for decision making.

Studies that examine cash flow prediction using profit components base their arguments on this theory, as profits that are relevant in value should be able to explain the variability of future cash flows. Thus, if gross profit, operating profit, and net income have predictive abilities regarding cash flow, then this information holds value relevance for financial statement users.

Furthermore, the concept of value relevance extends beyond just the ability of profit figures to predict future cash flows, it also encompasses the ability of these figures to reflect the overall financial health and stability of a company. Since profit is often one of the most scrutinized indicators of company performance, its value relevance in forecasting future cash flows is paramount for stakeholders making informed decisions. As such, the analysis of profit figures like gross, operating, and net profit is essential in understanding a company's capacity to generate sustainable cash flows in the future, which directly influences investment and financing decisions.

Gross Profit

Gross profit is the difference between net sales revenue and the cost of goods sold (COGS). According to Kieso et al., (2019), gross profit reflects the earnings a company generates from its core operations selling goods or services before deducting operating expenses such as administrative, marketing, and interest costs. It is a key indicator of how efficiently a company manages its production or purchasing activities and helps assess its ability to generate profit from core business operations.

Gross profit plays a vital role in evaluating a company's financial performance as it shows how well the company controls production or procurement costs. As noted by Brigham & Ehrhardt, (2013), strong gross profit indicates effective cost management and operational efficiency. It is also used to calculate the gross profit margin, which measures profitability relative to revenue. A decline in gross profit or gross margin may signal underlying issues in pricing strategy, cost control, or competitive positioning.

Operating Profit

Operating profit, also known as operating income, is the profit a company earns from its core business operations, excluding interest and tax expenses. It is calculated by subtracting operating expenses such as selling, general, and administrative expenses from gross profit. According to Kieso et al., (2019), operating profit serves as a key indicator of a company's operational efficiency and the profitability of its primary activities. Unlike net income, operating profit focuses solely on factors within management's control, making it a useful metric for internal performance evaluation.

Operating profit is widely used in financial analysis to assess a company's ability to generate earnings from its core operations. Brigham & Ehrhardt, (2013) note that consistent operating profit growth signals strong operational management and effective cost control. It also provides insight into a company's sustainability and long-term value creation, especially when compared across periods or against industry benchmarks. A decline in operating profit may indicate inefficiencies or rising costs, prompting management to reevaluate strategies and resource allocation.

Net profit

Net profit, also referred to as net income or the bottom line, represents the final profit of a company after all expenses have been deducted, including cost of goods sold (COGS), operating expenses, interest, and taxes. According to Kieso et al., (2019), net profit is a comprehensive measure of a company's overall financial performance and profitability. It indicates how much of the revenue

remains as actual earnings available to shareholders and for reinvestment after covering all obligations.

Net profit plays a critical role in financial analysis and decision-making processes. As stated by Brigham & Ehrhardt, (2013), it reflects the effectiveness of both operational management and financial strategy. Investors, creditors, and management use net profit to assess company performance, determine dividend policies, and evaluate the potential for growth. Declining net profit can signal issues in cost control, revenue generation, or financial structure, prompting deeper investigation into business strategy.

Future Cash Flows

Cash flow refers to the inflow and outflow of cash within a company over a specific period, typically categorized into operating, investing, and financing activities. The cash flow statement provides critical insights into a company's liquidity and its ability to meet short-term obligations while supporting operations without relying on external funding (Hamilah, 2020). For future cash flow projections, it is essential to analyze cash flow trends to assess a company's ability to sustain operations and growth. According to Gitman, (2013), positive future cash flow indicates that a company can continue to generate cash from its operations, ensuring its ability to invest in growth opportunities. In contrast, sustained negative future cash flow may signal potential financial risks, influencing managerial decisions related to financing, investments, and business strategies. Future cash flow is also impacted by external factors such as economic conditions, credit policies, and the company's operating cycle, all of which influence its long-term financial stability.

Conceptual Framework

Gross Profit to Future Cash Flows

Gross profit reflects a company's ability to generate earnings from its core business activities after deducting the cost of goods sold but before accounting for other expenses. A higher gross profit generally indicates effective pricing strategies and efficient cost control over production or procurement processes. While gross profit does not directly represent cash, its strength can serve as an early indicator of a company's future cash generating potential, especially when sales are expected to be collected efficiently over time.

According to Brigham & Houston, (2018), companies that consistently achieve high gross profit margins tend to maintain strong operational performance, which can translate into improved cash flows in subsequent periods. Gross profit serves as the foundation of a company's profitability, and when sustained, it may lead to higher net income and ultimately stronger future cash inflows. Therefore, a significant relationship may be expected between gross profit and future cash flows, as robust gross margins can signal the firm's capacity to generate liquidity in the periods ahead.

H_1: Gross profit influences future cash flows.

Operating Profit to Future Cash Flows

Operating profit represents the earnings a company generates from its core operational activities, excluding interest and taxes. It reflects the company's efficiency in managing revenues and operating expenses. Although operating profit is an accrual-based measure and does not represent immediate cash, it can serve as an important indicator of the company's ability to generate future cash flows, particularly when supported by effective cost control and revenue sustainability.

According to Wild, Subramanyam & Halsey, (2014), there is a meaningful link between consistent operating profit and the company's potential to maintain liquidity through future cash inflows. A company with stable or increasing operating profit is more likely to experience sustained operational strength, which may translate into stronger future cash flows. Thus, operating profit plays a critical role in assessing a firm's future cash-generating capacity and overall financial resilience.

H_2: Operating profit influences future cash flows.

Net Profit to Future Cash Flows

Net profit represents the residual earnings of a company after deducting all expenses, including operating costs, interest, and taxes. It is often viewed as the ultimate measure of profitability and a key indicator of a company's financial performance. While net profit is calculated using accrual

accounting and may not directly represent current cash availability, it reflects the company's capacity to generate earnings that could potentially lead to future cash inflows.

According to Kieso et al., (2019), a company with consistently high net profit is more likely to have the financial flexibility to support operations, repay obligations, and reinvest in growth all of which contribute to future cash flow generation. Therefore, a positive and significant relationship is expected between net profit and future cash flows, as higher profitability improves the likelihood of stronger cash positions in subsequent periods.

H_3: Net profit influences future cash flows.

Gross Profit, Operating Profit, Net Profit to Future Cash Flows

Gross profit, operating profit, and net profit each provide distinct insights into a company's profitability and its potential to generate future cash flows. Gross profit reflects the efficiency of core business operations by subtracting the cost of goods sold, indicating the potential for strong cash inflows. Operating profit accounts for revenues and operating expenses, capturing the company's ability to manage its operations effectively and suggesting its capacity for generating sustainable cash flow. Net profit represents the overall earnings after all expenses, providing a final measure of profitability that impacts the company's financial strength and liquidity.

In line with signaling theory, these profit metrics collectively signal the company's financial health and future cash generation capabilities to external stakeholders. They help predict liquidity and provide an early indicator of a company's ability to generate cash in the future. Meanwhile, according to value relevance theory, the combined influence of these profitability measures is crucial for assessing a company's cash flow potential. The theory suggests that a higher level of profitability across these metrics leads to more accurate forecasts of future cash flows, as they represent the underlying economic performance of the company.

Therefore, the simultaneous effect of gross profit, operating profit, and net profit is expected to provide a more comprehensive prediction of future cash flows.

H_4: Gross profit, operating profit and net profit influence future cash flows.

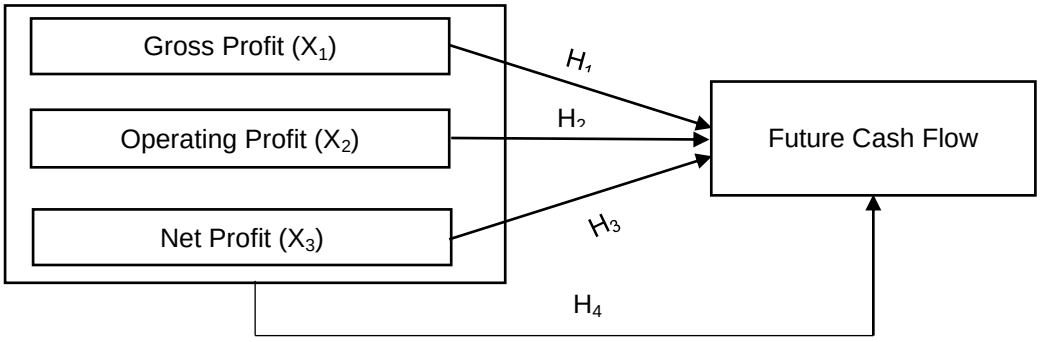

Figure 1. Research Framework

RESEARCH METHOD

Research Population and Sample

The population for this study consists of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during 2017-2021. There are 72 food and beverage companies that are the population of this research, which was conducted over a period of 5 years. The sampling technique is purposive sampling.

Table 1. Steps for Sample Selection Based on Criteria

Criteria	Total
The food and beverage companies listed in the years 2017-2021	72
Companies that did not present data consistently during the 2017-2021 period	(24)
Companies that incurred losses	(27)
Companies whose financial statements are presented in units other than rupiah	(2)
Purposive Sampling Results	19
Total observation data (5 years)	95

Table 2. Research Sample

No	List of Company	Code of Company
1	Akasha Wira Internasional Tbk	ADES
2	Budi Starch & Sweetener Tbk	BUDI
3	Charoen Pokphand Indonesia Tbk	CPIN
4	Campina Ice Cream Industry Tbk	CAMP
5	Delta Djakarta Tbk	DLTA
6	Dharma Satya Nusantara Tbk	DSNG
7	Indofood CBP Sukses Makmur Tbk	ICBP
8	Indofood Sukses Makmur Tbk	INDF
9	Japfa Comfeed Indonesia Tbk	JPFA
10	PP London Sumatera Indonesia Tbk	LSIP
11	Multi Bintang Indonesia Tbk	MLBI
12	Mayora Indonesia Tbk	MYOR
13	Nippon Indosari Corporindo Tbk	ROTI
14	Sampoerna Agro Tbk	SGRO
15	SMART Tbk	SMAR
16	Sawit Supermas Sarana Tbk	SSMS
17	Siantar Top Tbk	STTP
18	Tigaraksa Satria Tbk	TGKA
19	Ultrajaya Milk Industry And Trading Company Tbk	ULTJ

Source: Data processed by researchers.

Method of Collecting Data

The data collection method in this research is secondary data from the Indonesia Stock Exchange (IDX), which consists of data that has been made available and published by IDX or related sources, and can be used for analysis and research. The author accesses the "listed companies" or "financial reports" section on the IDX website. The relevant company is selected, and the necessary annual report or quarterly financial statements are downloaded for analysis.

Variable Operationalization

Table 3. Variable Operationalization

Variable	Operational Definition	Measurement
Gross profit	Gross profit is the difference between revenue and the cost of goods sold (COGS), reflecting the company's efficiency in producing or procuring products before deducting operating expenses.	Gross profit = revenue – cost of goods sold (COGS)
Operating profit	Operating profit is the profit earned from a company's core business operations, calculated by subtracting operating expenses from gross profit, excluding interest and taxes.	Operating profit = gross profit – operating expenses
Net profit	Net profit is the final profit after deducting all expenses including operating costs, interest, and taxes from total revenue, representing the company's total earnings.	Net profit = revenue – total expenses
Future cash flows	Cash flow refers to the net amount of cash and cash equivalents moving into and out of a business, particularly focusing on future cash flows as a measure of liquidity and financial stability.	Future cash flow = future cash flow from operating activities

Data Analysis Method

In this study, the data analysis method uses eviews 12, consist of descriptive statistical analysis, panel data regression analysis, panel data regression model selection, classical assumption test, and hypothesis test.

Descriptive Statistical Analysis

This analysis describes the data based on the mean, maximum, minimum, and standard deviation of each variable studied.

Panel Data Regression Analysis

This analysis uses cross sectional units measured over multiple periods. The techniques applied in panel data analysis include the common effect model (CEM), fixed effect model (FEM), and random effect model (REM). The regression equation for the data is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \varepsilon \quad (1)$$

Panel Data Regression Model Selection

In determining the appropriate model for processing panel data, various tests can be performed, namely: the chow test comparing CEM vs. FEM, the hausman test comparing REM vs. FEM, and the lagrange multiplier test comparing CEM vs. REM.

Classical Assumption Test

In the classical assumption tests, several measurements can be used, namely: the normality test, the multicollinearity test, and the heteroscedasticity test.

Hypothesis Test

Hypothesis testing can be applied through simultaneous tests (F), partial tests (t), and the coefficient of determination (adjusted R^2).

FINDING AND DISCUSSION

Findings

Descriptive Statistics

Table 4. Descriptive Statistics

	Cash Flow	Gross Profit	Operating Profit	Net Profit
Mean	0.816421	0.828211	0.795895	0.844947
Median	0.790000	0.940000	0.780000	0.840000
Maximum	1.530000	1.500000	1.740000	1.580000
Minimum	0.070000	0.040000	0.130000	0.230000
Std. Dev.	0.350883	0.361954	0.364877	0.330393
Observations	95	95	95	95

Source: Eviews 12 data processing results.

Cash Flow

Based on the descriptive statistics, the average (mean) value of cash flow among food and beverage companies in Indonesia during the study period is 0.816. The median value of 0.790 indicates that half of the data falls below this value and is slightly lower than the mean. This suggests that the distribution of cash flow data is slightly right-skewed, meaning that a few companies have relatively high cash flows. The maximum cash flow value reaches 1.530, while the minimum is only 0.070, reflecting considerable variation between companies with the highest and lowest cash flows. The standard deviation of 0.351 shows that the spread of cash flow across companies is moderate. This finding implies that although most companies generate stable cash flows, there are a few that struggle with operational cash management.

Gross Profit

The gross profit variable shows an average value of 0.828 and a median of 0.940. Since the median is higher than the mean, the distribution is left-skewed, indicating that most companies have gross profit margins higher than the overall average. This suggests that the majority of companies in the sample are relatively efficient in generating profit from sales before deducting operating costs. The maximum gross profit is recorded at 1.500, while the minimum is just 0.040. This wide gap reflects differences in cost structure and pricing strategy among companies. The standard deviation of 0.362 indicates a relatively even spread, showing that companies differ in their ability to manage cost of goods sold (COGS) effectively.

Operating Profit

The average operating profit is 0.796 with a median of 0.780, indicating a relatively symmetric distribution. However, the standard deviation of 0.365, which is relatively high, implies notable variations in operational performance across companies. The maximum operating profit is 1.740, while the minimum is 0.130, indicating that some companies can significantly optimize their operational efficiency, whereas others may still bear a high operational burden. Operating profit is a key indicator of how well a company manages its core business activities, excluding non operating items. The considerable spread in data suggests that not all firms in the food and beverage sector operate with the same level of efficiency.

Net Profit

The net profit variable records an average value of 0.845 and a median of 0.840. The closeness of these two values indicates a very symmetric data distribution. The standard deviation of 0.330 is also the lowest among all variables, suggesting that net profit across companies tends to be more consistent. The maximum value is 1.580, while the minimum is 0.230, still showing differences in financial performance, yet generally more stable. This indicates that most companies in the sector are capable of managing overall costs, including taxes and non-operating expenses, resulting in steady net profits. This consistency makes net profit a reliable indicator in forecasting future cash flows.

Panel Data Regression Feasibility Test

Table 5. Results of Panel Data Regression Model Selection

Model Selection Test	Model Testing Results	Selected Models
Chow test	*CEM vs FEM*	*FEM*
H_0 = CEM		
H_1 = FEM	*Chi-square prob* = 0.000 < α0.05	
H_0 if chi-square test prob > α0.05		
H_1 if chi-square test prob < α0.05		
Hausman test	*REM* vs *FEM*	*FEM*
H_0 = REM		
H_1 = FEM	*Hausman prob* = 0.0495 < α0.05	
H_0 if hausman test prob > α0.05		
H_1 if hausman test prob < α0.05		
Lagrange multiplier test	*CEM vs REM*	*REM*
H_0 = CEM	Breusch-pagan = 0.000 < α0.05	
H_1 = REM		
H_0 if cross-section test prob > α0.05		
H_1 if cross-section test prob < α0.05		

Based on table 5, the most appropriate regression model used in this research is the fixed effect model (FEM).

Classical Assumption Test

Normality Test

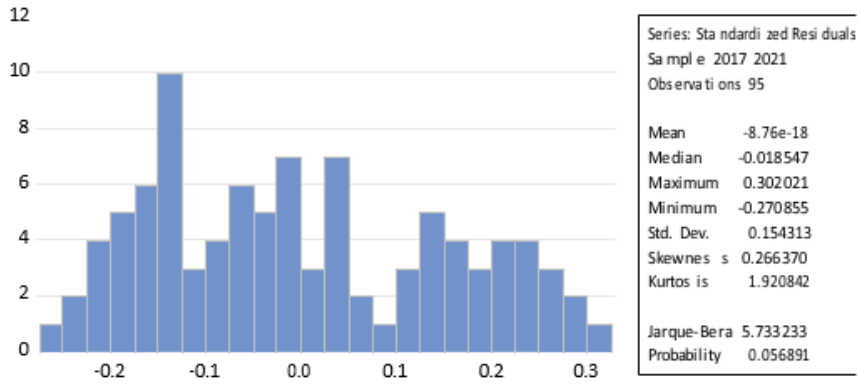

Figure 2. Normality Test

Based on figure 2 above for the dependent variable Y (cash flow) and the independent variables X_1 (gross profit), X_2 (operating profit), and X_3 (net profit), the probability value in the normality test is 0.056891 > 0.05. This indicates that the residuals are normally distributed.

Multicollinearity Test

Table 6. Multicollinearity Test

	Gross Profit	Operating Profit	Net Profit
Gross Profit	1.000000	0.528683	0.685137
Operating Profit	0.528683	1.000000	0.644243
Net Profit	0.685137	0.644243	1.000000

Source: Eviews 12 data processing results.

Based on table 6 above, the correlation coefficient is less than 0.8, which indicates that the data is free from the error of multicollinearity.

Heteroscedasticity Test

Table 7. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constanta	0.230767	0.084487	2.731398	0.0079
Gross profit	-0.005473	0.112669	-0.048579	0.9614
Operating profit	-0.060097	0.061503	-0.977132	0.3317
Net profit	0.076311	0.091215	0.836611	0.4055

Source: Eviews 12 data processing results.

Based on the heteroscedasticity test results in the table 7 above, the probability values for the independent variables are greater than 0.05, thus it can be concluded that there is no heteroscedasticity.

Hypothesis Discussion

Table 8. Panel Data Regression Results (FEM model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constanta	0.675630	0.089934	7.512533	0.0000
Gross profit	-0.295820	0.131851	-2.243599	0.0279
Operating profit	-0.028517	0.075888	-0.375774	0.7082
Net profit	0.483449	0.122275	3.953775	0.0002
R-squared	0.896783	Mean dependent var		1.081142
Adjusted r-squared	0.867091	S.D. dependent var		0.781185
S.E. of regression	0.175108	Sum squared resid		2.238376
F-statistic	30.20242	Durbin-watson stat		2.132607
Prob(f-statistic)	0.000000			
R-squared	0.801648	Mean dependent var		0.816421
Sum squared resid	2.295560	Durbin-wats on stat		2.080218

Source: Eviews 12 data processing results.

T-Test

Based on Table 8 above, the effects of each variable can be described as follows:

1. Hypothesis one (H_1): with a p-value of 0.0279 < 0.05 and a t-statistic of -2.243599, which is less than the t-table value of 2.13145, it means that gross profit (X_1) has a negative and significant partial effect in predicting future cash flows (Y) in food and beverage companies listed on the Indonesia Stock Exchange for the period 2017-2021.
2. Hypothesis two (H_2): with a p-value of 0.7082 > 0.05 and a t-statistic of -0.375774, which is less than the t-table value of 2.13145, it indicates that operating profit (X_2) has no significant effect in predicting future cash flows (Y) in food and beverage companies listed on the Indonesia Stock Exchange during the 2017–2021 period.
3. Hypothesis three (H_3): with a p-value of 0.0002 < 0.05 and a t-statistic of 3.953775, which is greater than the t-table value of 2.13145, it indicates that net profit (X_3) has a positive and significant effect in predicting future cash flows (Y) in food and beverage companies listed on the

Indonesia Stock Exchange during the 2017–2021 period.

F-Test

Based on table 8 for the partial regression significance test (f-test), the calculated f-value is 30.20242, which is greater than the f-table value of 3.29. The probability value (f-statistic) is 0.000000, which is less than 0.05. These results indicate that gross profit, operating profit, and net profit simultaneously have a positive and significant effect in predicting future cash flows in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2021 period.

Coefficient of Determination

Based on the table 8 above, the coefficient of determination shown by the adjusted r-square is 0.867091 or 86.7%. This means that the independent variables in this study gross profit, operating profit, and net profit are able to explain 86.7% of the variation in prediction of future cash flow, while the remaining 13.3% is explained by other variables not included in the model.

Discussion

The Influence of Gross Profit on Predicting Future Cash Flows

The results of the first hypothesis test reveal that gross profit has a negative and statistically significant influence on predicting future cash flow in food and beverage companies listed on the Indonesia Stock Exchange for the 2017-2021 period. This finding suggests that higher gross profit levels are, counterintuitively, associated with lower cash flows. Although gross profit is generally regarded as a key indicator of operational performance and is expected to correlate positively with cash generation, this inverse relationship can be attributed to several factors.

First, gross profit is derived using accrual accounting, which incorporates non-cash items and may not correspond directly to actual cash receipts. In the food and beverage industry, a substantial proportion of sales is made on credit, leading to high accounts receivable and delayed cash inflows. Second, inventory accumulation can increase gross profit without yielding immediate cash benefits. Third, gross profit excludes important cash expenses such as administrative, marketing, and distribution costs, all of which reduce available cash. Lastly, earnings management practices can inflate gross profit figures, masking the actual liquidity position of the firm.

From the perspective of signalling theory, the findings suggest that although gross profit is often used by management to signal operational success and financial health, it may fail to accurately convey the company's true liquidity. Non-cash components and managerial discretion in financial reporting can weaken the signal quality of gross profit, potentially misleading stakeholders. From the viewpoint of value relevance theory, gross profit demonstrates limited utility in forecasting future cash flows. Particularly in industries such as food and beverages, where external factors like credit sales, inventory fluctuations, and cost variability play a dominant role, gross profit becomes a less dependable indicator of a firm's cash-generating ability.

In conclusion, while gross profit remains a useful measure of operational efficiency, it should not be relied upon as a standalone predictor of cash flows especially in environments characterized by high credit risk, inventory volatility, and earnings manipulation. A more holistic financial analysis, integrating both accrual based and cash based metrics, is essential for accurate cash flow estimation. These findings align with research conducted by Fadila, (2018), which states that gross profit has a negative and significant effect on predicting future cash flows. This result is also supported by the findings of Koeswardhana, (2020) and Marni & Widjiantoro, (2021), which imply that gross profit does not have a significant ability to predict future cash flows. However, these results contradict the findings of Pangaribuan & Nopiana, (2021) and Apriyani et al., (2019), which indicated that gross profit has a positive and significant effect on predicting future cash flows.

The Influence of Operating Profit on Predicting Future Cash Flows

The results of the second hypothesis test indicate that operating profit does not exert a statistically significant influence on the prediction of future cash flows in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2021 period. This finding implies that reported levels of operating profit do not consistently correspond with actual cash inflows in subsequent periods.

Although operating profit is commonly regarded as a key indicator of core business profitability and expected to correlate with cash generation capacity, several factors may account for this disconnect.

As an accrual based metric, operating profit incorporates non cash items such as depreciation, amortization, and changes in working capital, which do not reflect immediate cash movements. Moreover, the temporal mismatch between revenue recognition and cash collection particularly in credit intensive industries can further weaken the link between operating profit and realized cash flows. In addition, management's discretion in choosing accounting policies may contribute to variability in reported income, further distancing it from underlying cash dynamics. Firms with aggressive revenue recognition practices may report high operating profit without a proportional increase in cash inflows.

From the perspective of signalling theory, operating profit may fall short in conveying a firm's true liquidity status. While it is often used by management to communicate financial performance, the influence of accrual adjustments and the potential for earnings management may undermine its reliability as a signal of future cash availability. In light of value relevance theory, the absence of a significant relationship between operating profit and future cash flows suggests that operating profit may hold limited predictive relevance, especially in sectors characterized by operational complexity, such as food and beverages. Inventory fluctuations, credit transactions, and cost variability can obscure the actual cash implications of reported earnings.

In conclusion, while operating profit remains valuable in assessing profitability, it may not serve as a dependable standalone metric for forecasting cash flows in industries where accrual based distortions are prevalent. These findings align with research conducted by Fadilah, (2018) and Waode & Hasan, (2020), which stated that operating profit has no effect on predicting future cash flows. This research is also supported by findings from Aritonang et al., (2022) and Riyanti et al., (2022), which also mention that operating profit has no effect on predicting future cash flows.

The Influence of Net Profit on Predicting Future Cash Flows

The results of the third hypothesis test reveal that net income exerts a positive and statistically significant influence on future cash flows in food and beverage companies listed on the Indonesia Stock Exchange for the period 2017-2021. This finding suggests that higher net income levels are associated with greater future cash inflows, highlighting the usefulness of net income as a predictor of a firm's cash generating capacity.

Net income, while based on accrual accounting, captures the overall result of a company's operational and non operational activities after accounting for expenses, taxes, and depreciation. Its comprehensive nature allows it to reflect aggregate financial performance and, in many cases, align more closely with a firm's cash generating ability over the medium to long term. In relatively stable industries like food and beverages, where revenue streams are recurring and operations consistent, net income often reflects sustainable profitability. Therefore, it tends to have a stronger association with future cash flows compared to partial profit measures, making it a relevant indicator for financial forecasting.

From the perspective of signalling theory, this result implies that net income functions as an important communication tool for management to signal the firm's financial health and future prospects. Strong net income figures may enhance investor confidence by indicating efficient operations and sustainable profitability, which are closely tied to the firm's capacity to generate future cash flows. Conversely, weak or volatile net income may raise concerns regarding cash availability, especially in capital-intensive sectors. In line with value relevance theory, the positive association between net income and future cash flows affirms the relevance of accounting earnings in informing economic decisions. Net income serves as a key input for assessing firm value, particularly because it integrates various financial dimensions into a single figure. When net income demonstrates predictive ability over future cash generation, it enhances its role as value-relevant information for stakeholders such as investors, creditors, and analysts who rely on financial statements for forward-looking assessments.

In summary, these findings underscore that net income is not only an important indicator of profitability, but also a reliable metric for forecasting future cash flows. This reinforces its dual role in both signaling corporate performance and providing value relevant information in financial reporting contexts. These findings align with research conducted by Alamsyah & Askandar, (2019) and Robani

et al., (2022), which state that net profit has a positive and significant effect on predicting future cash flows. However, these results are inconsistent with findings from Lestari et al., (2022) and Susanto & Pangesti, (2022), which indicated that net profit has no effect on predicting future cash flows.

The Influence of Gross Profit, Operating Profit, and Net Profit on Predicting Future Cash Flows

The results of the simultaneous test indicate that gross profit, operating profit, and net profit collectively have a positive and significant influence on the prediction of future cash flows in food and beverage companies listed on the Indonesia Stock Exchange during the 2017-2021 period. This finding suggests that, when considered together, these three profitability indicators provide a comprehensive representation of a company's financial performance and are collectively effective in projecting future liquidity conditions.

From a theoretical perspective, this outcome is consistent with the accrual basis of accounting, which posits that income components, though recorded on an accrual basis, contain information relevant to future cash flows. Gross profit reflects the company's efficiency in managing direct production costs, operating profit indicates the effectiveness of core business operations, and net profit captures the overall financial result after all expenses, taxes, and other income. When analyzed simultaneously, these variables complement one another, offering a more complete basis for forecasting the company’s future cash-generating ability.

Moreover, this result aligns with the signaling theory, which states that financial statement components convey valuable signals about a company’s future performance. The significant simultaneous influence reinforces the importance of evaluating multiple income measures together rather than in isolation. For stakeholders such as investors, creditors, and management, this finding emphasizes the usefulness of a combined analysis of profit components to enhance the accuracy of future cash flow projections and support more informed decision making.

CONCLUSIONS

This study aimed to examine the influence of gross profit, operating profit, and net profit on the prediction of future cash flows in food and beverage companies listed on the Indonesia Stock Exchange (IDX) during the period of 2017-2021. Based on the analysis conducted, it can be concluded that gross profit has a negative and significant effect on future cash flow prediction, while operating profit shows no significant influence. In contrast, net profit exhibits a positive and significant effect. Simultaneously, the three variables gross profit, operating profit, and net profit have a significant joint effect on predicting future cash flows. These findings offer valuable implications for both company management and investors. For management, understanding the individual contributions of profit components to cash flow projections can support the formulation of more precise financial and operational strategies. Companies may leverage this insight to enhance resource allocation and strengthen long-term financial planning. For investors, the results serve as a practical guide to assess a firm’s financial health and liquidity prospects, with net profit emerging as the most relevant indicator for forecasting future cash flows. Nevertheless, this study has certain limitations. It only incorporates three independent variables gross profit, operating profit, and net profit in the predictive model. Future research is recommended to include additional financial variables such as operating cash flow, earnings per share (EPS), return on assets (ROA), accrual components, or relevant macroeconomic indicators to develop a more comprehensive understanding of the determinants of future cash flow. In light of these findings, it is suggested that company management prioritize the efficient management of net profit, as it significantly contributes to future cash flow generation. Investors are also advised to consider net profit as a key factor when evaluating a company's long-term financial outlook. Ultimately, both internal and external stakeholders can benefit from applying these insights to make informed, data driven financial decisions.

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