



**COMPARATIVE ANALYSIS OF FINANCIAL RATIO AND
ECONOMIC VALUE-ADDED METHODS**

TO ASSESS COMPANY FINANCIAL PERFORMANCE

(Study on PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk listed on the Indonesia Stock Exchange (IDX) for the 2019-2020 period)

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ABSTRACT

The assessment of a company's financial performance is generally carried out through financial reports with analysis methods such as Financial Ratios and Economic Value Added (EVA). Financial ratio analysis helps to compare financial conditions and performance accurately, while the EVA method assesses the efficiency of a company's capital use by including equity elements. This study aims to analyze the financial performance of PT Sumber Alfaria Trijaya Tbk and PT Indofood Sukses Makmur Tbk listed on the Indonesia Stock Exchange (IDX) during the 2019–2020 period, using secondary data from financial reports. The results of the analysis show that both companies have good liquidity and profitability ratios, as well as positive EVA values. This indicates that the EVA method can support financial ratio analysis because both reflect economic added value. Thus, the combination of these two methods can be a consideration for management in managing the company's capital.

Keywords: Financial Performance, Financial Ratios, Economic Value Added (EVA), Capital, Liquidity, PT Sumber Alfaria Trijaya, PT Indofood Sukses Makmur

ABSTRAK

Penilaian kinerja keuangan perusahaan umumnya dilakukan melalui laporan keuangan dengan metode analisis seperti Rasio Keuangan dan Economic Value Added (EVA). Analisis rasio keuangan membantu membandingkan kondisi dan kinerja keuangan secara akurat, sementara metode EVA menilai efisiensi penggunaan modal perusahaan dengan memasukkan unsur ekuitas. Penelitian ini bertujuan untuk menganalisis kinerja keuangan PT Sumber Alfaria Trijaya Tbk dan PT Indofood Sukses Makmur Tbk yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019–2020, menggunakan data sekunder dari laporan keuangan. Hasil analisis menunjukkan bahwa kedua perusahaan memiliki rasio likuiditas dan profitabilitas yang baik, serta nilai EVA yang positif. Hal ini mengindikasikan bahwa metode EVA dapat mendukung analisis rasio keuangan karena sama-sama mencerminkan nilai tambah ekonomi. Dengan demikian, kombinasi kedua metode ini dapat menjadi bahan pertimbangan manajemen dalam pengelolaan modal perusahaan.

Kata Kunci: Kinerja Keuangan, Rasio Keuangan, Economic Value Added (EVA), Permodalan, Likuiditas, PT Sumber Alfaria Trijaya, PT Indofood Sukses Makmur.

1. INTRODUCTION

National economic growth is reflected in the increasing complexity of business activities. In order to survive in the midst of competition, companies need to implement appropriate development strategies. Both state-owned and private companies play an important role in economic development, and the success of a company is assessed through its financial performance. Financial reports are the main source in financial performance analysis, and are used to measure success and evaluate company weaknesses. Generally, investors use analysis methods such as Financial Ratios and Economic Value Added (EVA) to assess financial performance. Financial ratios are useful in comparing a company's financial condition, but have limitations because they do not take into account the cost of capital. Therefore, the EVA method is present as an approach that takes into account the added value to the cost of invested capital, taking into account the expectations of stakeholders (creditors, shareholders, management, and employees).

Problem Formulation

1. What are the results of the financial performance assessment analysis using the Financial Ratio method at PT Sumber Alfaria Trijaya Tbk and PT Indofood Sukses Makmur Tbk for the 2019–2020 period?
2. What are the results of the financial performance assessment analysis using the Economic Value Added (EVA) method in both companies for the same period?
3. Is there a difference in the analysis results between the Financial Ratio and Economic Value Added (EVA) methods in the two companies during the 2019–2020 period?

Research Benefits

1. Assess the company's financial performance more completely by comparing two measurement methods.
2. Identify the advantages and disadvantages of financial ratio and EVA methods in measuring performance.
3. Assisting management in decision-making based on the economic added value generated by the company.
4. Provide more precise information for investors regarding the company's ability to create value above the cost of capital.
5. Encourage the use of the EVA method as a complement to financial ratio analysis for more accurate performance evaluation and a focus on value creation

2 LITERATURE REVIEW

2.1 Financial Reports

Financial reports are the final result of the accounting process that describes the financial condition and results of a company's business in a period. According to PSAK No. 1, financial reports present the financial position and performance in a structured manner and are used as a communication tool between the company and interested parties.

2.2 Objectives of Financial Reports

The main objective of financial reports is to provide information on the company's financial position, financial performance, and cash flow to assist users in making economic decisions. This report also reflects management's accountability for the use of resources.

2.3 Financial Report Analysis

Financial report analysis aims to understand the relationship between report components and the company's financial trends. With this analysis, the company's financial performance and condition can be evaluated and used as a basis for decision making.

2.4 Financial Performance

Financial performance reflects the success of management in managing financial resources effectively and efficiently. Performance evaluation is important to compare actual results with predetermined targets.

2.5 Cost of Capital

Cost of capital is the real cost that must be borne by the company to obtain funds from various sources such as debt, shares, and retained earnings. This cost reflects the level of return expected by investors.

2.6 Economic Value Added (EVA) Method

EVA is a method that measures the economic value added generated by a company after subtracting the cost of capital from net operating profit after tax (NOPAT). EVA reflects whether the company creates value for shareholders. If EVA is positive, it means that the company has succeeded in providing a return greater than its cost of capital.

Benefits of EVA:

- a. Measuring performance based on value creation.
- b. Encouraging management to think like investors.
- c. Helps determine economically feasible projects.
- d. Encouraging efficient use of capital.

3 RESEARCH METHODS

Data Collection Techniques

This study uses a descriptive research type with a quantitative approach. Quantitative Research Method, as stated by Sugiyono (2012: 8), namely: "Research methods based on the philosophy of positivism, are used to research certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing the established hypothesis".

Operational Definitions of Variables

According to Sugiyono (2012: 13) descriptive research is research conducted to determine the value of independent variables, either one or more variables (independent) without making comparisons, or connecting with other variables.

Based on this theory, quantitative descriptive research is data obtained from a sample of the research population analyzed according to the statistical method used.

Sample Collection Techniques

The object of research is a company that has gone public and is listed on the Indonesia Stock Exchange, namely PT. Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk for the period of 2019-2020. Data were obtained from secondary data sources, namely the balance sheet and income statement published by the two companies, which are listed on the Indonesia Stock Exchange. Research data were obtained from the internet. The data collection method used was documentation.

Data Analysis Techniques

The data analysis steps carried out by researchers are:

1. Financial ratio analysis using the time series analysis method (period 2019-2020) to determine the company's financial performance and the company's financial development ratio from year to year. The ratios used are ratios that can represent the four ratios that exist in assessing the company's financial performance which are indicators for assessing the company's health. Syamsuddin (2007:41-64), reveals that financial ratios according to data sources include:

A. Liquidity Ratio

1.) Current Ratio

$$\frac{\text{Current Asset}}{\text{Current Liabilities}} \times 100 \%$$

2.) Quick Ratio

$$\frac{\text{Current Asset} - \text{Inventory}}{\text{Current Liabilities}} \times 100 \%$$

3.) Cash Ratio

$$\frac{\text{Cash} - \text{Securities}}{\text{Current Liabilities}} \times 100 \%$$

B. Leverage Ratio

$$1) \text{ Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Asset}} \times 100 \%$$

$$2) \text{ Debt Equity Ratio} = \frac{\text{Long-term Debt}}{\text{Owner's Equity}} \times 100 \%$$

C. Activity Ratio

$$1) \text{ Fix Asset Turn Over Ratio (FATO)} = \frac{\text{Sale}}{\text{Fixed Asset}} \times 1 \text{ kali}$$

$$2) \text{ Total Asset Turn Over Ratio (TATO)} = \frac{\text{Sale}}{\text{Total Asset}} \times 1 \text{ kali}$$

D. Profitability Ratio

$$1) \text{ Gross Profit Margin (GPM)} = \frac{\text{Gross Profit}}{\text{Sale}} \times 100 \%$$

$$2) \text{ Operating Profit Margin (OPM)} = \frac{\text{Operating Profit}}{\text{Sale}} \times 100 \%$$

$$3) \text{ Net Profit Margin (NPM)} = \frac{\text{Net Profit After Tax}}{\text{Sale}} \times 100 \%$$

$$4) \text{ Return On Investment (ROI)} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}} \times 100 \%$$

$$5) \text{ Return On Equity (ROE)} = \frac{\text{Net Profit After Tax}}{\text{Owner's Equity}} \times 100 \%$$

2. Economic Value Added (EVA) analysis for the period 2015-2016 with the following steps:

a. Calculating the cost of debt capital (cost of debt = K_d) After Tax basis = $K_d = K_b (1 - t)$

b. Calculation of the cost of common stock capital

using the dividend growth method, because this growth model is considered as a way of calculating the cost of internal funds because the calculation contains the cost of retained earnings which will result in profit growth which has an impact on dividend growth.

1) Calculate the dividend growth rate using the following formula:

$$a). g = \text{ROE} \times b$$

$$\text{Where: Return On Equity (ROE)} = \frac{\text{Net Profit After Tax}}{\text{Owner's Equity}} \times 100 \%$$

$$b = 1 - \frac{D}{EPS} \times 100 \%$$

2) Calculating the capital structure

3) Calculating the weighted average cost of capital or Weighted Average Cost of Capital (WACC) with the formula : $\text{WACC} = (K_d \times P_d) + (K_c \times P_c)$

c. Calculating the amount of EVA and analyzing how EVA is used as an alternative tool to support measuring the company's financial performance.

According to Moeljadi (2006:75), the formula for determining EVA is:

$$\text{EVA} = \text{Operating Profit After Tax} - \text{Cost of All Capital After Tax}$$

From the calculation, a conclusion will be obtained with the following interpretation of the results:

a. If $\text{EVA} > 0$, this indicates that there is economic added value for the company.

- b. If $EVA < 0$, this indicates that there is no economic added value for the company.
- c. If $EVA = 0$, this indicates a break-even position because the profit has been used to pay obligations to funders, both creditors and shareholders.

4. DATA ANALYSIS AND DISCUSSION

1. Financial Ratio Analysis of PT. Sumber Alfaria Trijaya, Tbk and PT. Indofood Sukses Makmur, Tbk

financial ratio calculation of PT. Sumber Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk using financial reports in the form of balance sheets and profit and loss statements for the 2019-2020 period. The Financial Ratios calculated include liquidity ratios, solvency ratios, activity ratios, profitability ratios using a time series approach that aims to determine the company's financial performance.

A recapitulation of the results of the financial ratio calculations of PT. Sumber Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk for the 2019-2020 period can be seen in Table 1 below:

Table. 1

Results of Financial Performance Analysis Calculation of PT. Sumber Alfaria Trijaya, Tbk and PT. Indofood Sukses Makmur, Tbk for the period 2019-2020 using Financial Ratios

Ratio Type	Indicator	PT. Sumber Alfaria Trijaya, Tbk		PT Indofood Sukses Makmur, Tbk	
		2019	2020	2019	2020
Liquidity	Current Ratio	1,13%	0,85%	2,54%	2,26%
	Quick Ratio	1,10%	0,84%	2,53%	2,25%
	Cash Ratio	0,29%	0,08%	1,27%	1,04%
Leverage	Debt Ratio	71,35%	70,85%	31,08%	51,45%
	Debt Equity Ratio	3,5%	3,4%	0,5%	1,1%
Profitability	Gross Profit Margun (GPM)	19,91%	20,37%	34,05%	36,93%
	Operating Profit Margin (OPM)	2,02%	1,99%	17,50%	19,73%
	Net Profit Margin (NPM)	1,14%	1,33%	12,67%	15,90%
	Return On Invesment (ROI)	1,71%	2,17%	5,43%	7,16%
	Return On Equity (ROE)	6,0%	7,4%	15,8%	16,0%
Activity	Fix Asset Turn Over	6,63%	6,68%	3,73%	3,49%

	Ratio (FATO)				
	Total Asset Turn Over Ratio (TATO)	1,51%	1,63%	0,43%	0,45%

2. Economic Value Added (EVA) Analysis of Financial Ratio of PT. Sumber Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk for the period of 2019-2020.

Table. 2

Results of Financial Performance Analysis Calculation of PT. Sumber Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk for the period of 2019-2020 using Economic Value Added (EVA)

Information	PT Sumber Alfaria Trijaya, Tbk.		PT. Indofood Sukses Makmur, Tbk.	
	2019	2020	2019	2020
EBIT	731.997	759.310	7.400.117	9.201.016
Beban Pajak	(111.411)	(84.262)	2.076.943	2.540.073
NOPAT	582.812	654.644	5.550.088	6.900.762
Biaya Modal Tertimpang	6.884.307	6.833.689	2.305.920	6.528.254
EVA	287.480	147.372	3.244.168	372.508

3. Results of Assessment Analysis using the Financial Ratio Method and the Economic Value Added (EVA) Method at PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk listed on the Indonesia Stock Exchange (IDX) for the 2019-2020 Period.

a. Analysis of Assessment Results using the Financial Ratio Method

From the results of the Financial Ratio Method on the Financial Report data of PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk listed on the Indonesia Stock Exchange (IDX) for the 2019-2020 Period It is known that the Liquidity Ratio has shown a positive number above the specified standard, namely that every short-term debt of 1 rupiah is

guaranteed by the Current Ratio for PT. Sumber Alfaria Trijaya, Tbk in 2019 was 1.13% and in 2020 was 0.85% and Indofood Sukses Makmur, Tbk in 2019 was 2.54% and in 2020 was 2.26%. This means that both companies appear stable in running their businesses because they are able to guarantee their short-term debts.

Meanwhile, at the Profitability Ratio level, PT. Sumber Alfaria Trijaya, Tbk in 2019 obtained a Return On Investment (ROI) of 1.71% and in 2020 it was 2.17% and Indofood Sukses Makmur, Tbk in 2019 it was 5.43% and in 2020 it was 7.16%. This means that there is a positive Comparison difference between Net Profit After Tax and Total Assets owned by the two companies, so that the company is eligible to develop its business in connection with the

additional profits generated by the two companies, even though the value is different in each period.

b. Analysis of Assessment Results using the Economic Value Added (EVA) Method

The calculation results using the Economic Value Added (EVA) Method have shown that there is economic added value for both companies, namely PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk. This can be seen from the numerical value obtained $EVA > 0$, namely for PT. Sumber Alfaria Trijaya, Tbk in 2019 obtained an Economic Value Added (EVA) value of 287,480 and in 2020 it was 147,372 and PT Indofood Sukses Makmur, Tbk in 2019 it was 3,244,168 and in 2020 it was 372,508 and supported by NOPAT (Net operating profit after tax) PT. Sumber Alfaria Trijaya, Tbk in 2019 amounted to 582,812 and in 2020 amounted to 654,644 and PT Indofood Sukses Makmur, Tbk in 2019 amounted to 5,550,088 and in 2020 amounted to 6,900,762 this means that there is a positive difference between EBIT and Tax Expense obtained by the two Companies.

c. Comparative Analysis of Financial Ratio Method and Economic Value Added (EVA) Method

That the results of the analysis using Financial Ratios and Economic Value Added (EVA) in both companies both show positive values, meaning that the Liquidity and Profitability Ratio Levels and the Results of the Economic Value Added (EVA) calculation method for PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk have shown economic added value. So that the Economic Value Added (EVA) method can be used to support the financial ratio analysis method because both have shown positive values. The Economic Value Added (EVA) method includes equity as its measure, while the financial ratio method does not include equity, so it is supported by Economic Value Added (EVA) which includes equity. Therefore, as a consideration for management in managing its capital for the development of the two companies.

5. CONCLUSION & SUGGESTION

1. Conclusion

A. Results of Financial Ratio Analysis T. Sumber

Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk using Financial Statement data in the form of balance sheets and profit and loss statements for the 2019-2020 period and calculated using liquidity ratio, solvency ratio, activity ratio, profitability ratio

Recapitulation of the results of calculating the financial ratios of PT. Sumber Alfaria, Tbk and PT. Indofood Sukses Makmur, Tbk for the 2019-2020 period.

B. Analysis of Assessment Results using the Economic Value Added (EVA) Method. The calculation results using the Economic Value Added (EVA) Method have shown that there is economic added value for both companies, namely PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk. This can be seen from the numerical value obtained by $EVA > 0$, namely for PT. Sumber Alfaria Trijaya, Tbk in 2019 obtained an Economic Value Added (EVA) value of 287,480 and in 2020 it was 147,372 and PT Indofood Sukses Makmur, Tbk in 2019 it was 3,244,168 and in 2020 it was 372,508 and supported by NOPAT (Net Operating Profit After Tax) PT. Sumber Alfaria Trijaya, Tbk in 2019 amounted to 582,812 and in 2020 amounted to 654,644 and PT Indofood Sukses Makmur, Tbk in 2019 amounted to 5,550,088 and in 2020

amounted to 6,900,762 this means that there is a positive comparative difference between EBIT and Tax Expense obtained by the two companies

C. That the results of the analysis using the Financial Ratio and Economic Value Added (EVA) in both companies equally show positive values, meaning that the Liquidity and Profitability Ratio Levels and the Results of the Analysis of the Economic Value Added (EVA) calculation method for PT. Sumber Alfaria Trijaya, Tbk and PT Indofood Sukses Makmur, Tbk have shown economic added value. So that the Economic Value Added (EVA) method can be used to support the financial ratio analysis method because both have shown positive values.

2. SUGGESTION

From the results of the research that has been conducted at PT. Sumber Alfaria Trijaya, Tbk and Indofood Sukses Makmur, Tbk listed on the Indonesia Stock Exchange (IDX) for the 2019-2020 period, the following are some recommendations that are proposed as follows:

- a) The need to improve Financial performance for PT. Sumber Alfaria Trijaya, Tbk. especially for the Liquidity Ratio, namely related to the Current Ratio and Quick Ratio because when compared to 2019 it has decreased by 0.28%, this means an increase in current debt incurred by the company. Therefore, the company should maintain the stability of the company's current debt value. However, seen from the level of the Profitability Ratio on the ROE measure, it increased in 2020.
- a) For Indofood Sukses Makmur, Tbk, the profit generated has shown an increase when looking at the comparative data from 2019 to 2020, however, the company is deemed necessary to continue to increase the profit generated because when viewed from the profitability ratio for 2019-2020 alone, it has increased by 36.93%.
- a) That the financial performance assessment model or method does not only always use Financial Ratios, but other models such as Economic Value Added (EVA), Market Value Added (MEVA) can also be used as tools to assess a company's financial performance.

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