



Financial performance analysis of cigarette companies listed on the Indonesia stock exchange

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ABSTRACT

This study aims to determine the comparisons and factors that distinguish the financial performance of cigarette companies listed on the Indonesia Stock Exchange in 2018-2021. The method used in this research is a quantitative descriptive technique using financial ratio analysis. Meanwhile, to determine the weight of a good or bad assessment of a cigarette company's financial performance, it is determined by calculating financial ratios based on an analysis of financial statements according to cashmere in 2018, 2019 and Jumingan in 2014. The final results of the study show that: (1) PT. Gudang Garam Tbk. shows that the company's financial performance is in the unhealthy category. (2) PT. Hanjaya Mandala Sampoerna Tbk. shows that the company's financial performance is in the healthy category. (3) PT. Bentoel Internasional Investama Tbk. shows that the company's financial performance is in the unhealthy category. (4) PT. Wismilak Inti Makmur Tbk. shows that the company's financial performance is in the fairly healthy category. Based on the research results, it is suggested that companies can improve their existing performance, especially on the indicators Current Ratio, Quick Ratio, cash Ratio, DAR, DER, ROA, ROE, accounts receivable turnover, total assets, working capital.

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1. INTRODUCTION

Companies that have gone public have the goal of increasing the prosperity of their owners or shareholders through increasing the value of the company. Firm value is very important because with high corporate value, it will be followed by high shareholder prosperity. The higher the stock price, the higher the company value. High corporate value is the desire of the company owners, because with a high value it shows the prosperity of shareholders is also high. Shareholder and company wealth is represented by the market price of shares which is a reflection of investment decisions, financing, and asset management (Wutun, Niha, et al., 2023).

Every company needs to make the right calculations so that the company can survive and develop. Each company must pay close attention to the condition and

performance of the company. To find out exactly how the condition and performance of the company, an appropriate analysis is needed through financial reports. One company that faces many challenges is a manufacturing company. The manufacturing industry is one of the industrial sectors that competes in the global economy. (Wutun, 2021)

In Indonesia, various types of companies engaged in manufacturing have been established. Given the strategic role of the manufacturing sector, namely as a provider of various types of goods for human needs, it is appropriate that this industrial sector needs to be given special attention from various groups for the continuity and development of the manufacturing sector business in Indonesia. One of the manufacturing industry sectors that greatly supports development and economic growth in Indonesia is the cigarette industry, both on a small, medium and large scale. Even though the cigarette industry is an industry that invites various controversial views, namely on the one hand it is proven that smoking consumption can endanger health and even mental safety, but on the other hand in reality the cigarette industry and its distribution chain are a sizable employer of labor and become the economic foundation for the community. (Nenobais et al., 2022; Permata Hatul et al., 2023; Wutun, Manafe, et al., 2023)

The cigarette industry is dominated by factories in Indonesia, along with the rapid increase in the use of cigarettes in the country, it also has an impact on the business sector with the establishment of many cigarette factories in Indonesia. There are four cigarette issuers whose shares are listed on the IDX which have been classified into the main board or development board.

The cigarette industry contributes greatly to state revenues such as cigarette excise, export taxes and also employment. However, cigarette sales have dropped dramatically, where production of legal Machine-Rolled Kretek Cigarettes (SKM) in 2020 has fallen by around 17.4%. Whereas in the second quarter of 2021, the downward trend in SKM production still occurred in the negative range of 7.5% compared to 2020 (CNBC Indonesia.com). At PT. HMSP experienced a decrease in profit of 15.29% throughout semester 1-2021 to Rp. 4.13 trillion from the previous period (Wareza, 2021). Then PT. GGRM posted a decrease in net profit amid an increase in sales throughout semester 1-2021. This change also has an impact on parties with an interest in public companies that will invest their funds, or those who have invested their funds, need to know the condition of the company, which is reflected in the financial performance achieved by the company. (Wareza, 2021)

Company performance can be assessed from the financial statements issued by the company, all of which will be described in detail in a financial report. Activities carried out are set forth in the form of figures both in the form of rupiah and foreign currencies. The numbers in the financial statements are less meaningful when viewed from one side only. (Aini et al., 2021; Amrulloh et al., 2022; Arrazi et al., 2021; Asanik & Giovanni, 2021; Ibrahim et al., 2021; Sugangga et al., 2023). This is because the numbers in the financial statements individually do not provide significant information unless they are analyzed and compared. Information on the results of a comparison of financial performance is very useful for parties interested in making business decisions and the survival of the company, both internal and external parties, especially the comparison of financial performance with competing companies in similar industries in several periods, which can provide an overview of the company's competitiveness and predict the company's financial condition in the future. For the management, the results of comparisons of financial performance with other companies can be taken into consideration to evaluate and improve their financial performance. (Irsad et al., 2022; Linda Novia S et al., 2023; Permata Hatul et al., 2023; Sugangga et al., 2023). Meanwhile, for external parties, such as investors and creditors, information on the results of a comparison of financial performance is taken into consideration for making business decisions related to investment and lending. (Amaral & Wutun, 2022; Kurniati, 2022)

Based on the summary financial report data and the percentage growth of cigarette companies listed on the IDX for the 2018-2021 period above, the highest growth in total assets was 24% in 2019-2020 at PT. Wismilak Inti Makmur Tbk. The highest total equity growth was 15% at PT. Gudang Garam Tbk and PT. Wismilak Inti Makmur Tbk. in 2019-2020. While the lowest value for the lowest total equity growth is -32% at PT. Bentoel International Investama Tbk.

The total net profit growth that experienced a loss was at PT. Bentoel International Investama Tbk by -536% in 2019-2020. Meanwhile, the highest growth in total liabilities was 61% in 2019-2020 at PT. Wismilak Inti Makmur Tbk and for the highest total revenue growth was 43% at PT. Wismilak Inti Makmur and the lowest revenue growth is -39% at PT. Bentoel International Investama Tbk.

From the results of the summary of the financial statements above, it shows that the presentation of financial performance growth for cigarette companies listed on the Indonesia Stock Exchange has decreased, especially in the 2019 – 2021 period. In the report above, the total assets and sales of each company experienced differences, namely increases and decreases. The causes of fluctuations in cigarette companies are financial performance and economic conditions. To find out whether the company's performance is getting better or worse, it will be measured by the method of calculating and interpreting financial ratios to assess the performance and status of the company.

The previous research conducted research on the same topic as the variable under study, namely Delsiana Adur with the title Analysis of Cigarette Company Performance (Study of Cigarette Companies Listed on the Indonesia Stock Exchange in 2013-2016). The results of the study show that cigarette companies for 4 years of financial performance seen from the ratio of liquidity, solvency, activity and profitability have performed quite well.

Different results were found by Rofi Atul with the title Effect of Financial Performance on Stock Returns at Cigarette Companies Listed on the IDX for 2009-2018. The results showed that the value of Return On Assets (ROA) has a positive effect on company shares, while the value of Return On Equity (ROE) has a negative effect on shares of tobacco companies.

2. RESEARCH METHOD

The type of research used in this research is descriptive quantitative research (Haba et al., 2022; Man, 2020; Minarti et al., 2022; More et al., 2022; Saman et al., 2022; Sugiyono, 2019). This quantitative descriptive research provides an overview of the state of the object to be examined and then analyzed using financial ratio analysis to describe, analyze, interpret and describe how good or bad the company's financial performance is in the cigarette industry companies that go public on the Indonesia Stock Exchange. To solve the research problem, the researcher uses a quantitative descriptive method that emphasizes testing theories through measuring research variables with numbers and conducting data analysis using statistical procedures. Meanwhile, the type of data in this study is quantitative data, namely data collected in the form of absolute figures from financial reports, (income statements, balance sheets, and notes to the annual report) of PT Gudang Garam Tbk, PT Hanjayan Mandala, PT Bentoel Investma, PT Wismilak Inti Makmur. The data source in this study is the company's annual report published on the Indonesia Stock Exchange. (Fahira et al., 2020; Lufriansyah, 2019; Paedung et al., 2021; Pramono, 2022; Sunandar & Permana, 2021)

3. RESULTS AND DISCUSSIONS

This data analysis uses a quantitative descriptive analysis method which provides an overview of the financial statements over the last four years, namely 2018 - 2021 at PT.

Gudang Garam Tbk. PT. Hanjaya Mandala Sampoerna Tbk. PT. Bentoel International Investama Tbk. and PT. Wismilak Inti Makmur Tbk. The data analysis tool used is based on the financial statements of cigarette companies listed on the Indonesia Stock Exchange for the period 2018 – 2021.

3.1 Current Ratio

From the overall results of calculating the current ratio for PT. GGRM, PT. HMSP, PT. RMBA and PT. WIIM in 2018 – 2021, the highest current ratio value is PT. WIIM of 602%. Which means that every Rp. 1- current debt is guaranteed by Rp. 6.02 current assets. For the industry standard, the current ratio is 200%, which means that PT. WIIM is in good category. However, if the value of the current ratio is high, it means that PT. WIIM has a poor performance effect on the company's ability to earn profits, due to idle capital or uncollectible receivables. Meanwhile, the lowest current ratio value is PT. RMBA of 191%. Which means that every Rp. 1- current debt is guaranteed by Rp. 1.91 current assets. The industry standard current ratio is 200%. Which means that PT. RMBA does not have sufficient funds to meet its maturing obligations. If seen from the average value of the current ratio calculation results for 2018-2021, the highest average value is PT. WIIM is 463%. Which means every Rp. 1 - current debt is guaranteed by Rp. 4.63 current assets. This means that PT. WIIM has good performance. However, if the current ratio is high, then PT. WIIM has unsold inventory, which cannot be used to pay debts. At PT. GGRM average value of the current ratio calculation results is 228%. Which means that every Rp. 1- current debt is guaranteed by Rp. 2.28 current assets. The industry standard current ratio is 200%. Which shows that PT. GGRM can pay all of its short term debts with the current assets it has. While the lowest average current ratio at PT. RMBA is 185%. Which means that every Rp. 1- current debt is guaranteed by Rp. 1.85 current assets. This means that PT. RMBA is not able to meet its short term obligations compared to other companies that may be willing to invest in the company.

Based on the results of calculating the Current Ratio for the 2018-2021 period, the financial performance at PT. GGRM, PT. HMSP shows healthy criteria. For PT. The RMBA from the calculation of the Current Ratio shows that it is not healthy, while for PT. WIIM the results of the calculation of the Current Ratio shows that it is not healthy.

3.2 Quick Ratio

Overall, the average Quick Ratio calculation results from 2018–2021, the highest average value is PT. WIIM of 180%. Which means every Rp. 1, - current debt is guaranteed by Rp. 1.80 current assets without inventory. For the industry standard quick ratio is 150%. Which means that PT. WIIM shows the condition of the company's financial performance that is healthy and has sufficient funds to pay all obligations on time. Meanwhile, the lowest average results of Quick Ratio calculations from 2018–2021 are PT. GGRM of 41%. Which means every Rp. 1, - current debt is guaranteed by Rp. 0.41 current assets without inventory. For the industry standard quick ratio is 150%. Which means that PT. GGRM is in the unfavorable category, so that the company is considered unable to pay off its current or short-term liabilities using the company's existing assets. Based on the results of calculating the Quick Ratio for the 2018-2021 period, the financial performance of PT. GGRM, PT. RMBA shows unhealthy criteria. Meanwhile for PT. HMSP and PT. WIIM the results of Quick Ratio calculations show healthy criteria.

3.3 Cash Ratio

Overall the results of the 2018-2021 Cash Ratio calculation show that the highest cash ratio is PT. HMSP of 176% and PT. WIIM is 168%. This means that the company is in a good category, because the company is able to pay its short term debts with cash it has. However, a high cash ratio means that the utilization of wealth is inefficient. If seen

from the average cash ratio calculation results for 2018-2021, the average cash ratio calculation results for PT. GGRM is 17%, the average cash ratio calculation result of PT. HMSP is 125%, the average cash ratio calculation result of PT. RMBA is 5% and the average cash ratio calculation result of PT. WIIM by 111%. This means that PT. GGRM and PT. RMBA has not been able to pay its short term debts while for PT. HMSP and PT. WIIM is able to pay its short term debts with its cash. However, if the cash ratio generated is high enough, it is considered not good, because there is a lot of idle cash or the utilization of the value of wealth is not efficient. Based on the results of calculating the Cash Ratio for the 2018-2021 period, the financial performance at PT. GGRM, PT. RMBA shows unhealthy criteria. Meanwhile for PT. HMSP and PT. WIIM Cash Ratio calculation results show healthy criteria.

3.4 Debt to Assets Ratio

Based on data on total assets, total debt and the results of calculating the Debt To Asset Ratio above the average results of calculating the debt to asset ratio for 2018 - 2021, the highest score is PT. RMBA of 47%. Which means the total assets financed by debt is 47% while the industry standard debt to asset ratio is 35%. This means that PT. RMBA is in the unfavorable category, because funding with more debt makes it more difficult for companies to obtain loans because it is feared that companies will not be able to cover their debts with their assets. Meanwhile, the lowest average debt to asset ratio calculation results for 2018-2021 are PT. WIIM by 24%. Which means the total assets financed by debt is 24% and the rest is financed by own capital of 76%. the industry standard debt to asset ratio is 35%. This means that PT. WIIM is below the industry standard or in the good category, because the better the company uses its own capital to guarantee the company's debt. Based on the results of calculating the debt to asset ratio for the 2018-2021 period, the financial performance at PT. GGRM, WIIM show unhealthy criteria. Meanwhile for PT. HMSP and PT. RMBA from the calculation of the debt to asset ratio shows healthy criteria.

3.5 Debt to Equity Ratio

When compared with the average value of the calculation of the debt to equity ratio for 2018–2021, it shows that the highest average value is PT. RMBA of 267%. %. Which means every Rp. 1, - own capital can guarantee Rp. 2.67 corporate debt. The industry standard debt to equity ratio is 90%. It means PT. The RMBA is above the industry standard which indicates that the company has a negative impact on the company's performance, because a higher debt level indicates that the company's interest expense will be greater and reduce profits, or be in a bad condition. While the results of calculating the lowest debt to equity ratio for 2018–2021 are PT. WIIM is 33%. Which means every Rp. 1, - own capital can guarantee Rp. 0.33 company debt. The industry standard debt to equity ratio is 90%. It means PT. WIIM is below the industry standard which shows that the company's ability to pay its long-term obligations is getting better. In addition, the decrease in the value of the Debt to Equity Ratio indicates that the company is able to maximize funding with its own capital. Based on the results of calculating the Debt to Equity Ratio for the 2018-2021 period, the financial performance at PT. GGRM, PT. HMSP and WIIM show unhealthy criteria. Meanwhile for PT. RMBA from the calculation of the Debt to Equity Ratio shows healthy criteria.

3.6 Return On Asset

The average value of the results of calculating the return on assets for 2018-2021 shows that PT. The average GGRM of the calculation results is 10%. Which means every Rp. 1, - investment that is invested generates a profit of Rp. 0.10. In HMSP the average calculation result is 22%. Which means every Rp. 1, - investment that is invested generates a profit of Rp. 0.22. At PT. The average RMBA calculation result is -6%. Which

means every Rp. 1, - investment that is invested generates a profit of Rp. -0.06. Meanwhile PT. The average WIIM of the calculation results is 7%. Which means every Rp. 1, - investment that is invested generates a profit of Rp. 0.07. The industry standard return on assets is 30%. This means that the investment that has been invested by PT. GGRM, PT. HMSP, PT. RMBA and PT. WIIM is less able to provide return on profits to the company. Based on the results of calculating Return On Assets for the 2018-2021 period, the financial performance of PT. GGRM, PT. HMSP. PT. RMBA and PT. WIIM shows unhealthy criteria.

3.7 Return On Equity

When viewed from the overall return on equity and compared with the average value of return on equity in 2018-2021, the results of calculating the average on equity at PT. GGRM is 15%. Which means every Rp. 1,- shareholder investment is able to provide a return of Rp.0.15. The results of the calculation of the average on equity of PT. HMSP is 33%. Which means every Rp. 1,- shareholder investment is able to provide a return of Rp.0.33. The results of the calculation of the average on equity of PT. RMBA is -13%. Which means every Rp. 1,- shareholder investment is able to provide a return of Rp.-0.13. And the results of the calculation of the average on equity of PT. WIIM is 9%. Which means every Rp. 1,- shareholder investment is able to provide a return of Rp.0.09. The industry standard return on equity is 40%. This means that PT. GGRM, PT. HMSP, PT. RMBA and PT. WIIM is said to be non-profit or unable to use the company's resources to obtain a return on equity. Based on the results of calculating Return On Equity for the 2018-2021 period, the financial performance of PT. GGRM, PT. HMSP. PT. RMBA and PT. WIIM shows unhealthy criteria.

3.8 Receivable Turn Over

The overall results of calculating the average receivable turnover for 2018-2021 show that the highest average receivable turnover is PT. GGRM of 51.0 times. The industry standard for receivable turn over is 15 times. This means that PT. GGRM is classified as good and fast in collecting debts or the better the company's ability to cover its current liabilities. Meanwhile, for calculating the average receivable turnover for 2018-2021, the lowest is PT. RMBA of 9.5 times. The industry standard for receivable turn over is 15 times. This means that billing by management is not successful, and lots of inventory items are piling up. Then receivable turn over PT. RMBA is in the less good category. Based on the results of the calculation of Receivable Turn Over for the 2018-2021 period, the financial performance of PT. GGRM, PT. HMSP and PT. WIIM shows healthy criteria. Meanwhile at PT. RMBA from the calculation of Receivable Turn Over shows unhealthy criteria.

3.9 Asset Turn Over Asset

The overall results of calculating the average total assets turnover for 2018-2021 show that, the highest result for average assets turnover is PT. HMSP of 2.0 times. For the industry standard, total assets turnover is 2 times. This means that the more efficient PT. HMSP uses all of its assets in generating sales. Then PT. HMSP is in the good category. Meanwhile, the lowest average total assets turnover is PT. RMBA of 1.2 times and PT. WIIM is 1.2 times. This means that PT. RMBA and PT. WIIM is below industry standards and the company is placing too much of its funds in underlying assets. Then the total assets turn over PT. RMBA and PT. WIIM is in the less good category. Based on the results of the calculation of Total Assets Turn Over for the 2018-2021 period, the financial performance of PT. GGRM, PT. RMBA and PT. WIIM shows unhealthy criteria. Meanwhile at PT. HMSP results of the calculation of Total Assets Turn Over / Total Assets Turn Over shows the criteria of being healthy.

3.10 Working Capital Turnover

The average working capital turnover calculation results for 2018-2021 show that, the average working capital turnover at PT.GGRM is 2.2 times, PT. HMSP of 2.5 times, PT. RMBA of 1.8 times and PT. WIIM is 1.6 times. For industry standards, working capital turnover is 6 times. This means that the four cigarette companies are below the industry standard and their working capital ability to generate sales has decreased and is categorized as unfavorable or inefficient in the utilization of company resources. Based on the results of the calculation of Working Capital Turn Over for the 2018-2021 period, the financial performance of PT. GGRM, PT. HMPS, PT. RMBA and PT. WIIM shows unhealthy criteria.

Based on comparative data on average values and the results of financial performance assessments of cigarette companies listed on the Indonesia Stock Exchange in 2018-2021, it can be concluded that, PT. Hanjaya Mandala Sampoerna Tbk. is a cigarette company with the best financial performance according to the Kasmir Industry Standard; 2019 and Jumingan; 2014 by getting 8 points in the healthy category. Both at PT. Wismilak Inti Makmur by getting 5 points in the healthy category and 1 point in the unhealthy category. Meanwhile, the unhealthy category is PT. Gudang Garam Tbk. who get 3 healthy points and PT. Bentoel Internasional Investama earned 3 healthy points.

Tabel 1. Comparison of the Value and Results of the Assessment of the Financial Performance of Cigarette Companies Listed on the Indonesia Stock Exchange 2018-2021

Year		Period 2018 - 2021										
Compan y	Indicato r	GGRM			HMSP			RMBA			WIIM	
		Standar Industr y	Cat e gor y	Ave rage	Standar Industr y	Cat e gor y	Ave rage	Standar Industr y	Cat e gor y	Ave	Standar Industr y	Cat e gor y
Current Ratio	228 %	200%	H	298 %	200%	H	185 %	200%	UH	463 %	200%	UH
Quick Ratio	41%	150%	UH	175 %	150%	H	94%	150%	UH	180 %	150%	H
Cash Rasio	17%	50%	UH	125 %	50%	H	5%	50%	UH	111 %	50%	H
DAR	32%	35%	UH	35%	35%	H	47%	35%	H	24%	35%	UH
DER	48%	90%	UH	55%	90%	UH	90%	90%	H	33%	90%	UH
ROA	10%	30%	UH	22%	30%	UH	-6%	30%	UH	7%	30%	UH
ROE	15%	40%	UH	33%	40%	UH	-13%	40%	UH	9%	40%	UH
A/R Turnover	51,0	15	H	34,4	15	H	9,5	15	UH	23,0	15	H
Total Asset Turnover	1,4	2	UH	2,0	2	H	1,2	2	UH	1,2	2	UH
Working Capital Turnover	2,2	6	UH	2,5	6	UH	1,8	6	UH	1,6	6	UH
Balaced (Current Asset) Income statement (COGS)	65,7 %	%AL > %AT	H	80,9 %	%Al > %At	H	64,7 %	%Al > %At	H	76,9 %	%Al > %At	H
	-	% Expense < 80%	UH	-	% Expense < 80%	H	-	% Expense < 80%	UH	-	% Expense < 80%	H
	83,7 %			78,5 %			88,4 %			70,6 %		

Source:IDX(2023)

Information

UH : Unhealthy

H : Healthy

Ratios that Distinguish the Financial Performance of Cigarette Companies Listed on the Indonesia Stock Exchange in 2018–2021. Judging from the total average value at PT. Hanjaya Mandala Sampoerna Tbk. The ratios that most influence financial performance are the current ratio, quick ratio, cash ratio, debt to asset ratio / DAR, accounts receivable turnover, total asset turnover and common size. At PT. Wismilak Inti Makmur Tbk. seen from the total value of the ratio that most influences it is the quick ratio indicator, cash ratio, accounts receivable turn over and common size. PT. Gudang Garam Tbk. seen from the average total, the ratio that most influences it is the current ratio indicator, accounts receivable turn over and common size (balance report). PT. Bentoel Internasional Investama Tbk. seen from the total average, the ratios that affect are the ratio of debt to assets / DAR, the ratio of debt to equity / DER and common size (balance report).

Based on the calculation of financial performance at PT. GGRM, PT. HMSM, PT. RMBA and PT. WIIM which is listed on the Indonesia Stock Exchange in 2018 – 2021 using the existing ratios, it can be explained that the most differentiating ratio is the performance of the four companies during the 2018–2021 period, namely the indicators Current Ratio, Quick Ratio, Cash Ratio, Debt to Assets Ratio / DAR, Debt To Equity Ratio / DER And Common Size.

The results of the differences above can be influenced by several factors, both external and internal factors. The influencing external factors are reduced consumer demand and increased staples. While the internal factors that influence are reduced capital or receivables that are not going well, reduced labor and raw material difficulties.

4. CONCLUSION

The financial performance seen from the Liquidity ratio shows that the company has a fairly good performance in paying off its short-term liabilities with current assets. Financial performance seen from the view of the solvency ratio shows that the company is able to cover its debts with better total assets and the company is able to cover its long-term debt using its own capital. The financial performance seen from the activity ratio shows that cigarette companies are able to use their fixed assets more incentively, thus indicating that the company's performance is quite good because the higher the value of a company's ratio, the more effective the use of its fixed assets. The financial performance seen from the profitability ratio shows that the company has the ability to earn profits. The suggestions given by the author based on the results of the analysis carried out are as follows: For liquidity, the ratio of Quick Ratio and Cash Ratio should be increased even more in the future, because both are still below standard with fairly good performance conditions. For the solvency ratio, the company should reduce the amount of debt, both short-term and long-term debt and increase the company's assets so that the company will not experience bankruptcy or difficulty paying its debts. For activity ratios, cigarette companies must further increase the ratio of total asset turnover which is quite good by balancing sales with total assets, so that total asset turnover will run even better in future. For profitability, tobacco companies should be maintained even more in the coming year because the three ratios ROA, ROE, NPM show good performance for the company. By continuously optimizing sales and other income so that the profits obtained will continue to be maximized.

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