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Financial Statement Analysis of PT XWZ Tbk For The Periode of 2019-2023

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Abstract. This study aims to analyze the financial performance of PT Gudang Garam Tbk during the period 2021-2023 through a financial ratio approach, which includes liquidity, solvency, and profitability ratios. The results of the analysis show a downward trend in the liquidity ratio, which could threaten the company's ability to meet short-term obligations in the future. Although the company's solvency is in a stable condition, fluctuations in the debt to equity ratio (DER) require attention to maintain a balanced capital structure. On the other hand, the company's profitability experienced a significant decline during the period 2019-2022, with signs of recovery starting to appear in 2023. This study concludes that although PT Gudang Garam Tbk still has a relatively strong financial capacity, attention to liquidity and profitability trends is essential to maintain competitiveness and business sustainability amidst the increasingly complex challenges of the cigarette industry.

Keywords: Financial Statement Analysis; Liquidity; Solvency; Profitability

A. INTRODUCTION

The cigarette industry is one of the sectors that contributes significantly to the Indonesian economy. In addition to being one of the largest tax contributors, the cigarette industry also absorbs a large number of workers and makes an important contribution to state revenues. However, this industry also faces various challenges such as strict regulations, health issues, and changes in consumer behavior. In this dynamic business context, financial statement analysis is crucial for cigarette companies to evaluate performance, identify strengths and weaknesses, and formulate appropriate strategies for business sustainability.

Financial statements, consisting of income statements, balance sheets, cash flow statements, and capital change statements, provide important information about the company's financial position and operational performance. Through financial ratio analysis, such as liquidity ratios, solvency, and profitability, a comprehensive picture of the company's financial condition can be obtained. This analysis allows for the identification of trends, comparison of performance between periods, and evaluation of the efficiency of resource use. Liquidity ratios measure the ability of cigarette companies to meet their short-term obligations. In the cigarette industry, liquidity is important because cigarette companies have supplies in the form of tobacco raw materials, cigarette paper, and finished products that must be sold quickly. A high level of liquidity ensures that the company can fund daily operations and fulfill orders smoothly. And in the cigarette business, sales are often made on credit. The liquidity ratio helps assess whether the company has sufficient cash to cover maturing debts even though there are uncollectible receivables.

Solvency ratio measures the ability of a cigarette company to meet all its long-term obligations. This is important in the cigarette industry because cigarette companies often expand and invest in sophisticated production machines and distribution facilities. A good solvency ratio indicates that the company is able to pay its long-term debts. And the cigarette industry faces high regulatory and tax pressures. The solvency ratio helps assess whether the company has sufficient capital to survive this external pressure situation.

Profitability ratio measures the effectiveness of a cigarette company in generating profits from its sales and investments. In the cigarette industry, profitability is crucial because cigarette products have high profit margins, and the profitability ratio reflects the extent to which the company is able to convert sales into profits. And this ratio shows whether the company is able to reduce production and distribution costs and maximize revenue from cigarette sales.

This study aims to analyze the financial statements of the cigarette company PT Gudang Garam Tbk listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. The focus of this study is to evaluate the financial performance of cigarette companies through financial ratio analysis such as liquidity ratio, solvency ratio, and profitability ratio. The selection of cigarette companies as the object of research is based on the significant contribution of this sector to the economy and the complexity of the challenges faced.

B. LITERATURE REVIEW

Cigarette Industry and Economic Contribution

According to a study conducted by the Ministry of Finance (2020), the cigarette industry contributes more than 10% of total national tax revenue. Research by Supriyadi (2019) shows that this sector employs more than 5 million workers, from tobacco farmers to workers in the production and distribution lines. However, the same study highlights that regulatory pressures and shifts in consumer preferences are starting to impact production volumes.

Financial Statement Analysis

Financial statements are an important tool in evaluating company performance. According to Harahap (2021), financial statements consisting of income statements, balance sheets, cash flows, and changes in equity, provide a comprehensive picture of the company's financial position. Financial statement analysis helps companies make strategic decisions, identify financial risks, and measure profitability.

Financial Ratio

Research conducted by Sari and Nugroho (2020) shows that financial ratio analysis is effective in evaluating company performance, especially in the manufacturing sector such as the cigarette industry. The three main ratios used include: (1) Liquidity Ratio: According to research by Widjaja (2022), this ratio is important to ensure that the company has the ability to pay short-term obligations. In the cigarette industry, high liquidity indicates good management of receivables and inventory. (2) Solvency Ratio: A study by Taufik (2021) states that healthy solvency reflects a company's ability to survive in market conditions full of uncertainty and strict regulations. (3) Profitability Ratio: Research conducted by Rahmawati (2020) shows that high profitability reflects operational efficiency and effective marketing strategies.

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C. RESEARCH METHODOLOGY

The method used in this study is a case study with a quantitative descriptive approach. Secondary data was obtained from the annual financial report of PT Gudang Garam Tbk published on the Indonesia Stock Exchange (IDX). Analysis techniques include calculating liquidity, solvency, and profitability ratios, which are compared between periods to assess performance trends and patterns.

Financial ratio analysis is a tool used to evaluate a company's financial condition by comparing relevant financial data. This analysis includes:

The Liquidity ratio

Liquidity ratio describes a company's ability to pay off all obligations that must be met immediately (short-term debt) (Hery, 2017). There are several formulas that can be used to measure the liquidity ratio, including:

Current Ratio is a ratio used to measure a company's ability to meet its short-term obligations using current assets.

Current Ratio = (Current Assets) / (Current Liabilities) x 100%

Quick Ratio (or Acid-Test Ratio) is a ratio that measures a company's ability to meet short-term obligations with the most liquid assets (assets that can be immediately cashed without significant impairment).

Quick Ratio = (Current Assets-Inventory)/(Current Liabilities) x 100%

The Solvency Ratio

The Solvency Ratio shows a company's ability to meet all its financial obligations if the company is liquidated, both short-term and long-term liabilities (Kasmir. 2014). There are several formulas that can be used to measure the solvency ratio, including:

Debt to Asset Ratio (DAR) is a ratio that measures the proportion of a company's total assets financed by debt. This ratio illustrates the extent to which a company relies on debt to fund its assets.

DAR = (Total Debt)/(Total Asset) x 100%

Debt to Equity Ratio (DER) is a ratio that measures the proportion of debt to owner's equity in a company's capital structure.

DER = (Total Debt)/(Total Capital) x 100%

The Profitability Ratio

The Profitability Ratio provides a measure of the level of effectiveness of a company's management as indicated by the profit generated from sales and investment income (Fahmi. 2020). There are several formulas that can be used to measure the profitability ratio, including:

Return on Assets (ROA) is a profitability ratio that shows the company's ability to generate profits from its total assets. This ratio measures how efficient management is in utilizing assets to generate profits.

ROA= (Profit After Tax)/(Total Asset) x 100%

Return on Equity (ROE) is a ratio that measures the company's ability to generate profits from shareholder equity. This ratio shows how effective the company is in using its own capital to generate profits.

ROE= (Profit After Tax)/(Total Capital) x 100%

D. RESULTS AND DISCUSSION

Liquidity Level of PT Gudang Garam Tbk

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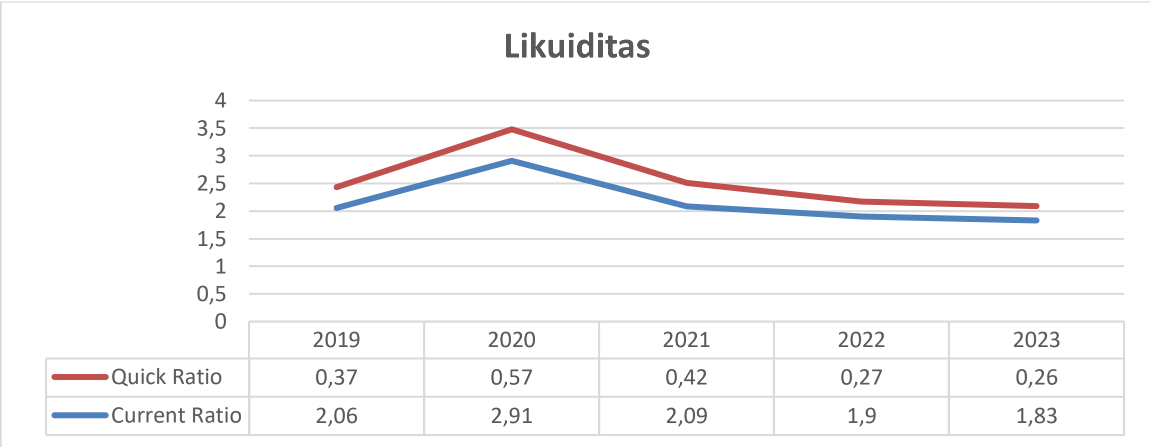

Figure 1 Grafik Liquidity Level

Current Ratio (CR) shows the company's ability to meet short-term obligations. The CR value tends to decrease from 2.91 in 2020 to 1.83 in 2023. This indicates a decrease in the company's liquidity capacity. However, the DR value is still above 1, indicating that the company has sufficient current assets to cover all of its short-term obligations. This means that the company is in a healthy financial condition and is able to pay short-term debts without having to sell fixed assets or go into further debt.

Quick Ratio (QR) also decreased from 0.57 in 2020 to 0.26 in 2023. This indicates a significant decrease in current assets that can be used immediately to pay off short-term obligations. This value shows that the company can only cover 26% of current debt in 2023 using its current cash.

Liquidity Level: This decline could be a signal that the company is having difficulty maintaining its liquidity.

Solvency Level of PT Gudang Garam Tbk

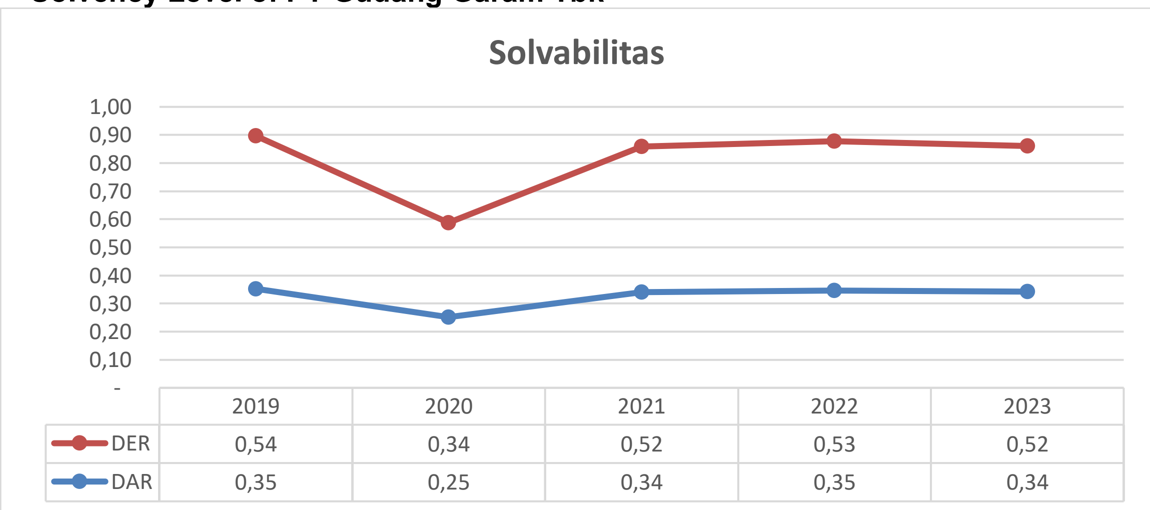

Figure 2 Grafik Solvency Level

The Debt to Equity Ratio (DER) decreased in 2020 (0.34) compared to 2019 (0.54), indicating that the company has succeeded in reducing the proportion of debt to its equity. However, after 2020, DER increased again to reach 0.52-0.53 in the last three years (2021-2023). The decrease in 2020 may indicate the company's steps in improving its capital structure by reducing dependence on debt. The increase in DER after that indicates that the company has started to add debt, but is still within reasonable limits because a ratio below 1 indicates that equity is greater than debt.

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The Debt to Asset Ratio (DAR) shows a relatively stable pattern, with a slight decrease in 2020 (0.25) and increasing again to 0.34-0.35 in the following years. A stable DAR indicates that the proportion of assets funded by debt remains maintained. This ratio shows that the company is not too aggressive in using debt to finance its assets, so the risk of default is still under control.

Solvency Level: Solvency stability indicates that the company has controlled financial risks and the ability to pay long-term debts is still maintained.

Profitability Level of PT Gudang Garam Tbk

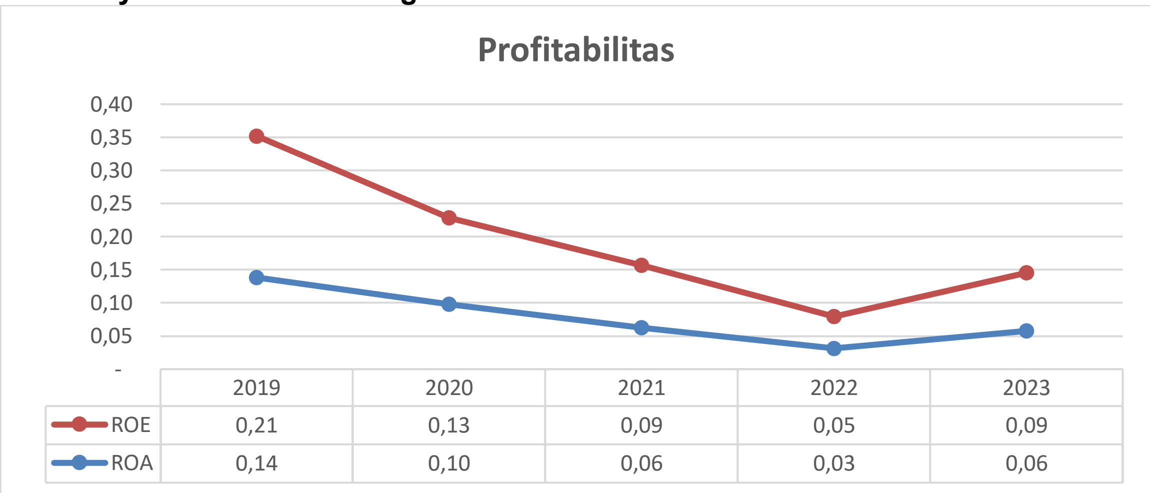

Figure 3 Grafik Profitability Level

Return on Assets (ROA) of PT Gudang Garam Tbk experienced a substantial decline from 14% in 2019 to only 3% in 2022. This decline indicates that the company's efficiency in generating net profit from its total assets has decreased drastically. This means that every rupiah of assets invested by the company generates smaller profits from year to year until 2022. Although ROA increased slightly to 6% in 2023, this figure is still far below the performance in 2019. This indicates that the company needs to evaluate and improve the efficiency of its asset use to generate more optimal profits.

Return on Equity (ROE) of PT Gudang Garam Tbk also experienced a sharp decline, from 21% in 2019 to only 5% in 2022. This decline reflects that the company's ability to generate net profit with its own capital (equity) invested by shareholders has also decreased significantly. In other words, the return obtained by shareholders on their investment in the company is getting smaller until 2022. The increase in ROE to 9% in 2023 is a positive signal, but this performance still needs to be improved to achieve a better level of profitability and provide greater added value for shareholders.

Profitability Level: This decline in profitability indicates a decrease in the company's ability to generate profits from its assets and equity, which can be influenced by the increasingly tight competition in the cigarette industry, an increase in cigarette excise that can affect sales and profits, changes in consumer preferences for tobacco products, operational efficiency and the company's cost management.

E. CONCLUSIONS AND SUGGESTIONS

Based on the liquidity analysis, PT Gudang Garam Tbk shows a worrying trend, although at first glance it still seems capable of covering its short-term liabilities. The current ratio continues to decline, although the company still has sufficient current assets to cover its current short-term liabilities, this downward trend needs to be watched out for because if it continues, it could endanger the company's liquidity in the future. In terms of quick ratio, this

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raises concerns because the company may have difficulty meeting its short-term obligations if there are problems with sales or collection of receivables.

Based on the solvency analysis, PT Gudang Garam Tbk shows a relatively stable condition, although there are fluctuations in DER. In general, the company still has controlled financial risks and the ability to pay long-term debts is maintained. In terms of DER is still below 1, this means that the company's equity is still greater than its debt, so that the financial risk is still within reasonable limits. This fluctuation needs to be monitored to ensure that the company does not rely too much on debt in the future. In terms of Stability, DAR indicates that the proportion of assets funded by debt remains maintained. This ratio shows that the company is not too aggressive in using debt to finance its assets, so the risk of default is still under control. Based on the profitability analysis with the calculation of Return on Assets (ROA) and Return on Equity (ROE), it can be concluded that the profitability performance of PT Gudang Garam Tbk experienced a significant decline in the 2019-2022 period, before showing signs of recovery in 2023. This decline indicates that the company is facing challenges in generating profits, both from the utilization of assets owned and from capital invested by shareholders.

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