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FINANCIAL PERFORMANCE ANALYSIS AT PT MAYORA INDAH TBK

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ABSTRACT

In this study, researchers will analyze the financial performance of PT Mayora Indah Tbk using financial ratio analysis, including liquidity, solvency, profitability, and activity ratios. Quantitative descriptive is the type of research used in this study. Documentation technique is the method used in this study with data sources derived from the financial statements of PT Mayora Indah Tbk for 2019-2020 sourced from www.idx.co.id. The results show that the percentage of the liquidity ratio increased from 2019 to 2020, indicating that the company's financial performance is in good and solid condition in terms of liquidity and its ability to meet short-term obligations. However, the solvency ratio shows a decline in financial performance during the same period. On the other hand, the profitability ratio reflects good performance in 2019 and the ability to maintain profitability in 2020. For the activity ratio, in 2019 the company's financial performance was considered quite good, but in 2020 it experienced a decline due to several factors.

Keywords : Liquidity Ratio, Solvency Ratio, Profitability Ratio

INTRODUCTION

As a company grows, financial matters become a top priority. This impacts all businesses. Maximizing profit is the primary goal of any company. Financial management is key to its success. To generate revenue, a company must have strong and efficient financial performance. To remain competitive and sustain operations, financial performance is crucial.

Because financial statement analysis is crucial for evaluating financial performance, companies must conduct it. They are used to compare business conditions from the previous year to determine if improvements have occurred. This assessment informs company decisions for the coming year.

PT. Mayora Indah Tbk (the Company) established its first factory in 1977, located in Tangerang, with its target market being the Jakarta area and its surrounding areas. PT. Mayora Indah Tbk (Persero) conducted an Initial Public Offering (IPO) as a public company in 1990, targeting the ASEAN consumer market. After successfully meeting the Indonesian market, it then expanded its market share to other Asian countries. Currently, the Company's products are distributed on five continents.

Based on the description above, the background of the problem that will be discussed by the researcher in this study is to determine how the financial performance of PT. Mayora Indah Tbk from 2019 to 2020 is evaluated using financial ratios.

According to Safri, HS (2018) Financial reports are a crucial responsibility for management and investors at year-end, as they provide information on all

company activities to management, investors, banks, the government, and the general public. The purpose of financial reports is to provide deeper insight into a company's financial condition and performance over the course of the year.

A financial report is a document that reflects a company's financial condition and performance over an accounting period, generally one year. This report presents information regarding the company's financial condition and performance, which can be useful for interested users of the financial statements. (Azzahra, S : 2021).

According to Fitriana, A. (2024) the objectives of financial reports are as follows:

1. Provides information about the types of assets, liabilities and capital owned by the company
2. Provides information about income and expenses incurred by the company.
3. Provides information about changes in the company's assets, liabilities and capital.
4. Provide information about the company's management performance
5. Provides information about financial statement notes

In accounting, there are several types of financial reports that you should know, namely (Rumerung, et al : 2019):

1. Income statement
2. Statement of changes in equity during the period
3. Balance Sheet
4. Cash flow statement during the period
5. Notes to financial reporting

According to Aysa, IR (2023) Company performance is how well a company performs overall over a specific period of time. It reflects the results or achievements that influence how a company uses its resources to conduct its operations.

According to Fahmi (2012), financial performance is an analysis carried out to see how a company has complied with financial regulations effectively and appropriately.

According to Kasmir (2012), financial ratio analysis involves dividing one number by another to compare figures in financial statements. Furthermore, financial statements should always reflect a company's activities over a specific period.

According to Darmawan (2020), ratio analysis is a quantitative analysis of information in financial statements used to assess various aspects of a company's operations and financial performance. This includes liquidity, activity, solvency, and profitability ratios.

According to Denny Erica (2018), the purpose of financial ratio analysis is to provide information on a company's financial performance according to its financial statements. Financial ratios are a tool for financial analysis that can be used to compare financial data contained in financial statement accounts to evaluate the company's performance. Ratios can show how one number correlates with another.

According to Amilin (2015), the types of financial ratios are as follows :

1. Liquidity Ratio

Liquidity ratio to see the company's ability to manage its short-term obligations or debts.

2. Solvency Ratio (Leverage Ratio)

Solvency ratios assess how much a company's debt exceeds its assets, and how that debt is used to fund the company's operations and capital expenditures.

3. Activity Ratio

Activity ratios serve to determine the efficiency of a company's resource utilization, including aspects such as sales, inventory, and debt collection. These ratios can also be used to evaluate a company's ability to carry out daily operations.

4. Profitability Ratio

Profitability ratios are used to assess how well a company generates profit or profitability in a certain period.

5. Growth Ratio

Growth ratio as a tool to see how the company's capabilities maintain its financial position amidst economic growth and industrial development.

6. Valuation Ratio

The valuation ratio can be interpreted as a measure that shows the extent to which management has succeeded in increasing the company's market value compared to the investment costs incurred.

METHODS

In this study, the secondary data used by the researcher is the financial report of PT Mayora Indah Tbk (Persero), which was taken from the source www.idx.co.id. The quantitative data used in this study is data in the form of numbers collected based on the company's financial report. The data collection technique used by the researcher is the documentation technique, data obtained from the financial report of PT Mayora Indah Tbk for the period 2019 to 2020. Data analysis was carried out using financial ratio analysis.

RESULTS AND DISCUSSION

Liquidity Ratio

Table 1. Liquidity Ratio of PT Mayora Indah Tbk
2019-2020 period

Information	2019	2020	Average
Liquidity Ratio			
<i>Current Ratio</i>	344%	369%	357%
<i>Quick Ratio</i>	269%	289%	279%
<i>Cash Ratio</i>	80%	109%	94%

Source: Data Processed by the Author, 2024

The current ratio in 2019 was 344%, meaning that for every Rp 1.00 of short-term liabilities, there were Rp 3.44 of current assets available to meet those obligations. This reflects the company's strong financial position, enabling it to adequately cover short-term debt. In 2020, this ratio rose to 369%, indicating the company's increasingly solid liquidity.

The Quick Ratio in 2019 was 269%, indicating that for every Rp 1.00 of current liabilities, the company had ready-to-use liquid assets of Rp 2.69 (excluding inventory). This indicates a sound financial position, allowing the company to meet short-term obligations with more liquid assets. The increase in the quick ratio to 289% in 2020 indicates improving company liquidity, where every Rp 1.00 of current liabilities is secured by Rp 2.89 of current assets, excluding inventory.

A Cash Ratio of 80% in 2019 means that PT Mayora Indah Tbk has sufficient cash and cash equivalents to cover 80% of its current liabilities. While this figure indicates that the company cannot fully meet its short-term obligations with cash alone, a figure above 50% is still considered healthy in the industry context. The increase in the cash ratio to 109% in 2020 means the company currently has more cash and cash equivalents than debt, with every Rp 1.00 of current debt secured by Rp 1.09 of cash and cash equivalents. This is a positive sign that liquidity is improving and the company can now meet its short-term obligations with more confidence. This increase is due to increased cash and receivables, as well as more efficient inventory management.

Solvency Ratio

Table 2. Solvency Ratio of PT Mayora Indah Tbk
2019-2020 period

Information	2019	2020	Average
Solvency Ratio			
<i>Debt Ratio</i>	48%	43%	45%
<i>Debt to Equity Ratio</i>	92%	75%	84%

Source: Data processed by the author, 2024

The debt ratio in 2019 was 48%, meaning that nearly half of the company's total assets were funded through debt. This indicates that PT Mayora Indah Tbk has a relatively high dependence on external financing. This high ratio can indicate greater financial risk, as if the company faces financial difficulties, its ability to meet its debt obligations could be threatened. It also indicates that the company may be limited in using its assets for investment or further development. In 2020, the ratio decreased to 43%, indicating a recovery in the company's financing structure. This means that the proportion of debt to total assets has decreased, indicating that the company is starting to rely more on equity or internal sources to fund its assets. Although this decline indicates recovery, a ratio above 40% still reflects a significant dependence on debt. This suggests that despite efforts to improve its financial position, PT Mayora Indah Tbk still needs to increase its equity to better manage financial risk.

The DER ratio in 2019, which was 92%, indicates that for every IDR 100 of equity, the company had IDR 92 of debt. This reflects a high reliance on debt

to finance the company's operations and investments, with almost all financing coming from debt. This high ratio indicates greater financial risk. The company may face difficulties meeting its debt obligations if financial conditions deteriorate. Furthermore, it could limit the company's ability to obtain additional loans, as creditors may be concerned about the company's ability to manage its debt. The decline in the DER in 2020 to 75% indicates a restructuring of the company's financing structure. With this ratio, for every IDR 100 of equity, the company had IDR 75 of debt, meaning the proportion of debt to equity has decreased. This decrease in the ratio can be interpreted as a positive step towards better risk management. Despite the reliance on debt, this decrease indicates that the company is beginning to improve its financial position and is relying more on equity to fund its operations. This can increase the confidence of creditors and investors in the company's financial stability.

Profitability Ratio

Table 3. Profitability Ratio of PT Mayora Indah Tbk
2019-2020 period

Information	2019	2020	Average
Profitability Ratio			
<i>Return on Assets (ROA)</i>	11%	11%	11%
<i>Return on Equity (ROE)</i>	21%	19%	20%
<i>Net Profit Margins (NPM)</i>	8%	9%	8%

Source: Data processed by the author, 2024

The ROA in 2019 was 11%. PT Mayora Indah Tbk generated a net profit of IDR 11 for every IDR 100 of assets held. This ratio indicates the company's relatively efficient use of its assets to generate profits. This figure reflects good performance amidst market challenges. Despite fluctuations in revenue and portfolio, the company was able to maintain stable profitability. Maintaining an ROA of 11% in 2020 demonstrates the company's success in maintaining efficient asset utilization. This stable ROA demonstrates the company's ability to manage its assets effectively under difficult circumstances. However, a stagnation in the same figure could also indicate that the company has not fully utilized its growth potential.

The ROE in 2019 was 21%. PT Mayora Indah Tbk managed to generate a net profit of IDR 21 for every IDR 100 of equity held. This indicates that the company is very efficient in utilizing the capital provided by shareholders to generate profits. This figure reflects good performance and is able to provide attractive returns for investors. A high ROE level can also attract more investment, as it indicates greater profit potential. The 19% decline in ROE in 2020 indicates that while the company was still able to generate significant profits, its efficiency in using equity to generate profits has decreased slightly. This decline could be caused by several factors, including an increase in operating costs or a decrease in revenue. While still positive, this decline could indicate challenges in maintaining profitability amidst difficult market conditions.

The Net Profit Margin (NPM) ratio in 2019 was 8%. PT Mayora Indah Tbk generated a net profit of Rp 8 for every Rp 100 of sales. This ratio demonstrates the company's strong ability to manage its portfolio and generate profits based on its sales. This figure reflects the stability of the company's financial performance, despite market challenges. The increase in net profit this year was driven by an increase in total sales, which reached Rp 25.03 trillion, compared to the previous year. The 9% increase in NPM indicates that the company has successfully improved its operational efficiency, resulting in a higher net profit based on total sales. This increase can be interpreted as the result of effective management strategies in controlling its portfolio and increasing revenue. Although total sales decreased slightly to Rp 24.48 trillion, net profit increased, indicating the company's ability to maintain its profitability in difficult market conditions.

Activity Ratio

Table 4. Activity Ratio of PT Mayora Indah Tbk
2019-2020 period

Information	2019	2020	Average
Activity Ratio			
<i>Inventory Turnover</i>	897%	873%	885%
<i>Fixed Assets Turnover</i>	400%	353%	376%
Total Assets Turnover	131%	124%	128%

Source: Data processed by the author, 2024

The inventory turnover ratio in 2019, which was 897%, indicates that the company's inventory turned over nearly nine times a year. This demonstrates PT Mayora Indah Tbk's ability to sell and replace inventory quickly, demonstrating efficiency in stock management. The strong demand for its products and the company's ability to effectively manage holding costs are also reflected in the inventory sales ratio of 897%. Furthermore, this indicates that funds invested in inventory can be quickly converted into cash. The decrease in the ratio to 873% in 2020 indicates that the company is still managing its inventory well. However, compared to the previous year, the inventory turnover frequency decreased slightly. This decrease could be due to several factors. Although sales are still high, this decrease indicates that the business may be struggling to maintain the previous year's sales levels.

Fixed Asset Turnover in 2019 was 400%, with the company generating revenue of Rp 4 for every Rp 1 of fixed assets owned. This demonstrates good efficiency in generating sales with fixed assets. These figures indicate that PT Mayora Indah Tbk has the ability to manage and utilize its fixed assets in a way that results in increased revenue. A high turnover rate can also indicate that the products manufactured by the company have strong demand. The decrease in the ratio to 353% in 2020 indicates a decrease in the efficiency of using fixed assets to generate revenue. This means that for every Rp 1 of fixed assets, the company can only generate Rp 3.53. This decrease can be caused by several variables.

Total Asset Turnover in 2019 was 131%, or 1.31 times, meaning the company generated Rp 1.31 for every Rp 1 of total assets owned. This figure indicates a fairly efficient use of assets to generate sales. This performance reflects good asset management and the company's ability to effectively sell products in the market. In 2020, it decreased by 6% from 2019 to 124%, or 1.24 times, indicating the company only generated Rp 1.24 for every Rp 1 of total assets. This decrease indicates a decline in the efficiency of using total assets to generate revenue. Several factors may have contributed to this decline, including market challenges, changes in product demand, or increased costs that were not offset by increased sales.

CONCLUSION

After reviewing the analysis results of PT. Mayora Indah Tbk's 2019-2020 financial statements, which were previously discussed by the researcher, the researcher drew the following conclusions:

1. In the liquidity ratios, namely the analysis of *Current Ratio*, *Quick Ratio*, and *Cash Ratio*, the increase in all liquidity ratios from 2019 to 2020 shows increasingly solid results in terms of liquidity and the ability to meet short-term obligations.
2. Solvency ratios show a decline in *the debt ratio and debt- to -equity ratio* from 2019 to 2020. A ratio above 40% still indicates significant reliance on debt. Therefore, PT Mayora Indah Tbk needs to continue increasing its equity to better manage future financial risks.
3. Profitability ratios indicate that financial performance in 2019 was quite good and that profitability was maintained in 2020, despite several challenges. The company needs to continue improving efficiency and capitalizing on growth potential to optimize its future performance.
4. Overall, although PT Mayora Indah Tbk demonstrated good efficiency in inventory and fixed asset management in 2019, there are challenges that must be overcome in 2020 to maintain optimal performance.

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