DU PONT ANALYSIS ON THE FINANCIAL PERFORMANCE OF PT GARUDA INDONESIA (PERSERO) TBK

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Abstract

Investors, companies, and the public assessing the performance of the company certainly look at the information instruments provided by the company in the financial statements in assessing the company's financial performance. PT Garuda Indonesia (Persero) Tbk is one of the State-Owned Enterprises (BUMN) engaged in aviation services in Indonesia; the condition and performance of the company have certainly been highly monitored by the government and other stakeholders, especially since this company in recent years has always experienced losses in its business operations so that it often injects funds from the government. This study aims to analyze the company's financial performance with Du Pont analysis techniques such as total assets turnover, net profit margin, equity multiplier, and return on equity for the 2020-2022 period. The analysis method used in this research is a descriptive quantitative analysis of the company's financial ratios with Du Pont analysis. The results showed that the Total Assets Turnover ratio in 2020, 2021, and 2022 was still below the industry average and was in poor condition. The Net Profit Margin ratio in 2020 and 2021 is below the industry average, negative with poor conditions, and 2022 above the industry average with good conditions. The Return On Investment ratio in 2020 and 2021 experienced a negative ratio with a conclusion of poor condition; in 2022, it improved with a positive ratio in good condition. The Equity Multiplier ratio in 2020, 2021, and 2022 needs to be in better condition, below standard, and hostile. The Return On Equity ratio in 2020, 2021, and 2022 needs to be in better condition.

Keywords: Financial Performance, Financial Statements, Financial Ratios

Abstrak

INTRODUCTION

Referring to PSAK No. 1, "Financial statements are structured information on the financial performance and financial position of an entity" One indicator in the delivery of information related to company growth can be seen in the financial statements, and can also be used as historical information in assessing the company's achievements and achievements from the past, present and future (Rochman & Pawenary, 2020). The information generated in the analysis of financial statements aims to decompose each item in the financial statements into an easy-to-understand picture to measure the significant relationship between non-quantitative data and quantitative data in informing more deeply about the situation and condition of financial performance to make wiser decisions (Prasetyowati & Prihastiwi, 2022).

The company's performance in generating profits can be seen from the financial statements that represent public information. The balance sheet report section is the information from the company's finances, which includes capital, liabilities, and assets as a description of these positions in certain situations (Trianto, 2018). (Ariyanti, 2020) explains that maximum profit is one of the main objectives in establishing a company in its business operations; of course, the success of its goals must maintain the performance of its financial management. One of the measurements of the company's progress in the success of its business can be seen from the company's performance, so a company must be seen from its condition and business performance, and financial performance and evaluate growth to remain competitive and develop its business. Below is information on the trend of net profit and total assets of PT Garuda Indonesia (Persero) Tbk from 2017 to 2022.

The information on the trend of net profit and total assets above over six years, it can be seen that the condition of the financial performance of PT Garuda Indonesia Tbk in the net profit trend has contracted or experienced operating losses for five consecutive years from 2017-2021. However, in 2022 the company recorded a positive operating profit for the first time in the last five years. The most severe operating loss occurred in 2020 and 2021. Of course, this is due to the company's activities being affected by the covid-19 pandemic that hit the world and Indonesia, so operating expenses continue to run. However, company activities stop and produce less operating profit, and the company's operational operating cost factor becomes a significant expense. The company's asset growth over the last six years, 2017-2022, has fluctuated quite a lot when net income fell even negatively, but the company's asset growth increased quite a lot, namely in 2020-2022, contrary to the
trend of net income, this could be due to the level of operational expenditure, especially passenger fuel during the covid-19 pandemic, not much was spent due to flight restrictions and restrictions for passengers, but on the other hand, employee operational expenses continue to run even though the level of flight operations has decreased dramatically.

In the research conducted, there are still several previous studies that are used as references in the course of the research, such as research from (Nur’Rahmah & Komariah, 2016) analyzing the financial statements of PT Indocement Tunggal Prakarsa, Tbk, observation period 2010-2014, with descriptive quantitative data analysis techniques. Research from (Trianto, 2018) analyzing the financial performance of PT Bukit Asam (Persero), Tbk, observation period 2014-2016, with descriptive quantitative data analysis techniques. Research from (Rochman & Pawenary, 2020) analyzing the financial performance of PT Harum Energi, Tbk, with an observation period of 2014-2019, with descriptive quantitative data analysis techniques. Research from (Ariyanti, 2020) analyzing the financial performance of PT Dzaky Indah Perkasa Sungai Tabuk Branch, with the observation period 2016-2018, with descriptive quantitative data analysis techniques. Research from (Kurniawan, 2020) analyzing the financial performance of PT Mandom Indonesia, Tbk. With the observation period 2015-2018, with descriptive quantitative data analysis techniques. Research from (Rabuisa et al., 2018) analyzing the financial performance of PT. Bank Perkreditan Rakyat (BPR) Dana Raya Manado, observation period 2014-2016, with descriptive quantitative data analysis techniques. Research from (Prasetyowati & Prihastiwi, 2022) analyzing the financial performance of PT. Mandom Indonesia, Tbk, observation period 2019, with descriptive quantitative data analysis techniques. Research from (Rizqi et al., 2021) analyzing the financial performance of PT. Housing Development, Tbk, observation period 2015-2019, with descriptive quantitative data analysis techniques. From the description of previous research, the contribution and novelty of this research is the sample of PT. Krakatau Steel (Persero), Tbk, has yet to be studied by previous researchers, so this research is worth continuing.

LITERATURE REVIEW

Financial Performance
Ross, (2015) argues that financial performance describes the company's performance on its various activities that have passed and obtained results in the form of its financial performance. The financial performance can be reviewed from the company's financial statements and measured by financial ratios; then, information is formed regarding the description of financial performance that will be used by investors or the wider community of information users. According to Gumanti, (2017), the standard criteria selected in the previous period are financial performance in determining the effectiveness of the company's operations and employees.

Financial Statement Analysis
According to (Sari & Hidayat, 2022), a description of the financial statement items can be information on the results of even the smallest financial statement analysis by looking at the meaning and significant relationship between one and the other. It can be non-quantitative or quantitative data Gumanti, (2017) argues that the results of financial statement analysis are easy and
can be understood by various groups in the use of financial statement information, then financial statement analysis is needed. The information sourced from the results of the financial statement analysis can describe the company's strengths and weaknesses. (SUMANI, 2019). The description of these advantages and disadvantages can be information on the company's management performance at a certain time.

**Du Pont Analysis**

(Ross, 2015) states that the Du Pont System analysis is an approach to evaluating profitability and return on equity. According to (Gumanti, 2017), the ratios used in the Du Pont System analysis include:

**Total Asset Turnover**

The total asset turnover ratio is a ratio that indicates the effectiveness of a company in managing its assets to generate revenue. The total asset turnover ratio (TATO) or total asset turnover ratio is an important parameter in investment to analyze financial aspects (Trianto, 2018). (Liu et al., 2022) explains that the total asset turnover ratio is an activity ratio (efficiency ratio) that measures the company's ability to generate sales from its total assets by comparing net sales with average total assets.

**Net profit Margin**

According to (Ross, 2015), the Net profit margin is a ratio used by companies to compare profits with the total of all money generated by the company. In addition, NPM is also used to analyze the company's financial stability. By knowing the NPM of a company, we can measure the effectiveness of the company during its operation. The greater the ratio in the report, the more productive the company's performance. This certainly makes investors more confident that the company is really good to choose and buy shares (Stuebs et al., 2022).

**Return On Investment**

According to (Lee, 2023), Return On Investment is a ratio to calculate the effectiveness of a given investment. Technically, ROI calculates the net profit from the nominal investment money spent. (Suganda, 2018) Investors usually do this to determine the next business strategy by knowing the results of the ROI that has been done, especially if we want to develop a new business with the net profit generated from the ROI of the previous business.

**Equity Multiplier**

(Rochman & Pawenary, 2020) Argue that Equity Multiplier is a ratio that shows the company's ability to utilize shareholders' equity. The smaller this ratio, the greater the shareholder portion, so the performance will be better because the percentage for interest payments is getting smaller. According to (Alsmady, 2022) equity multiplier is a ratio that compares the total assets owned with the amount of equity owned by business owners. This ratio can measure the level of equity used as a source of financing. The smaller the value of this ratio, the greater the funding used in equity to finance assets.

**Return On Equity**

Return on Equity (ROE) is the return that the company prints for shareholders. ROE is determined by the company's ability to generate profitability or profit margins, asset productivity to generate income, and optimal use of debt management (Kurniawan, 2020). (Ariyanti, 2020) explains that return on equity is one of the important elements to know how much a business can manage capital from its investors. If the ROE calculation gets bigger, the company's reputation will
increase in the eyes of capital market players.

Source: Processed by researchers (2023)

Figure 2. Thinking Framework

METHOD
Types and Sources of Data
According to (Sugiyono, 2017), Data in the form of numbers is quantitative data; the amount and number of a research object is a function of quantitative data. In the research to be carried out, which includes financial statement data in analyzing the company's financial performance, this study sourced secondary data. According to (Sugiyono, 2017), secondary data is a source of data or information that cannot be directly used by the data collector, such as it cannot be from other people and documents. Secondary data collected in the study was taken from books, financial reports, journals, and the internet connected to the research.

Data Collection Techniques
Some of the data collection techniques used by the authors in this study, such as literature study, is the collection of information and deepening of theories related to fundamental concepts that are closely related to the problem under study, the basic concepts and theoretical fundamentals of the authors are taken and collected from various kinds of libraries such as journals, relevant readings, and books related to what will be studied. Furthermore, in documentation studies, this method is used to collect secondary data from various sources, such as private sources or institutions, by collecting and recording financial reports and annual reports on PT Garuda Indonesia (Persero) Tbk, the observation year 2020-2022.

Data Analysis Technique
Descriptive quantitative analysis is a data analysis technique used in this study. According to (Sugiyono, 2017), describing or describing the data collected without the intention of obtaining general conclusions is the function of descriptive quantitative analysis used in this study. The Du Pont analysis of the financial performance ratios used in this study is as follows:

Table 1. Variable Measurement

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicator</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>TATO = Sales / Total Assets</td>
<td>Ratio</td>
</tr>
<tr>
<td>Turnover</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit</td>
<td>NPM = Earning After tax / Net Sales / Net Profit x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return On</td>
<td>ROI = Net Sales / Net Profit / Total Asset x 100%</td>
<td>Ratio</td>
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<tr>
<td>Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity Multiplier</td>
<td>EM = Total Assets / Total Equity x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>Return On</td>
<td>ROE = Net Income / Total Equity x 100%</td>
<td>Ratio</td>
</tr>
<tr>
<td>Equity</td>
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</tbody>
</table>

RESULTS AND DISCUSSION
DU PONT ANALYSIS
Total Assets Turnover

Source: Processed by Researchers (2023)

Figure 3. Total Assets Turnover Ratio
The information above shows the trend of the Total Assets Turnover ratio; this ratio is the effectiveness of the company's sales on total assets. Total assets turnover is considered good according to the industry average if the value is at least once. In 2020 the Total Assets Turnover ratio was only 0.14 times; this shows that the ratio obtained is below the industry average. Thus the Total Assets Turnover ratio in 2020 is not good; of course, this is very logical wherein 2020 is the beginning of the covid-19 pandemic in the country, so many business sectors are affected, including PT Garuda Indonesia (Persero) Tbk in that year flights was severely restricted and almost stopped to reduce the level of spread of the virus so that the level of airplane ticket sales experienced a very significant decline. In 2021 the Total Assets Turnover ratio was 0.19 times; this figure increased from the previous year. However, not too significantly, thus the Total Assets Turnover ratio was still below the industry average and was classified as unhealthy because that year, it was still in a covid-19 pandemic condition. Hence, the limitations of company management in maximizing assets were still less than optimal due to national and global economic conditions, which still needed to be determined. In 2022 the Total Assets Turnover ratio was 0.34 times, again experiencing an increase from the previous year. This condition shows that the company has begun to improve in terms of sales of company assets due to the ongoing recovery of the national economy. However, it has increased, and the ratio obtained is still below the industry average, so the Total Assets Turnover ratio in 2022 still needs improvement. The low total assets turnover proves that the company has not been able to maximize the use of company assets, and the company uses too much funds in the form of assets and needs to be placed in profitable and productive assets.

**Net Profit Margin**

![Figure 4. Net Profit Margin Ratio](image)

Source: Processed by Researchers (2023)

The information above shows the trend of the Net Profit Margin ratio. The Net profit margin is good if the ratio is above 5%, but in the same industrial sector with an average of > 1%. The higher this ratio shows that the company can efficiently determine the cost of goods sold. In 2020 and 2021, the Net Profit Margin ratio experienced a negative value; this condition was due to the company experiencing a negative net profit (loss) in that year, considering that in 2020 and 2021, it was still in the conditions of the covid-19 pandemic, the national and global economic levels were still uncertain and restrictions on community activities which made flight ticket sales experience a very significant decline so that the company's expenses were more outstanding than its good income. Thus the Net Profit Margin ratio in 2020 and 2021 was in poor condition. In 2022 the Net Profit Margin ratio improved by scoring positive profits and exceeding the industry average. This condition did not escape the government as a stakeholder in state-owned companies, as investors know that PT Garuda Indonesia (Persero) Tbk was about to go bankrupt due to terrible
conditions in terms of finance. Several times this BUMN company has received stimulus from the government so that the company can rise from bankruptcy cannot be separated from government stimulus so that the company can return to normal company productivity operations in conditions of national economic recovery, so the Net Profit Margin ratio in 2022 is in excellent and healthy condition.

**Return On Investment**

![Return On Investment Ratio](image)

Source: Processed by Researchers (2023)

**Figure 5. Return On Investment Ratio**

The information above shows the trend of the Return On Investment ratio; this ratio describes the company's ability to manage assets or investments in generating profits. Return on assets is good if the ratio is at least 5% and positive. In 2020 and 2021, the Return On Investment ratio experienced a negative value because in 2020 and 2021 the company experienced a loss, so there was no positive return from the assets that had been used in the company's operations; this condition indeed cannot be separated from the downturn in the national economy and the limits of company activities due to the co-19 pandemic, this is due to non-current asset turnover, from high operating costs that are not accompanied by optimal sales levels, thus in 2020, and 2021 the Return On Investment ratio is in poor condition. In 2022 the Return On Investment ratio experienced an improvement, as evidenced by a favorable ratio. Even though it was still below the minimum industry average, economic stability and recovery allowed the company to return to optimal operations so that the company could profit from these productivity operations, in 2022 the company also received additional funding or stimulus from the government so that overall operating conditions could run properly. Thus the Return On Investment ratio in 2022 was in good condition.

**Equity Multiplier**

![Equity Multiplier Ratio](image)

Source: Processed by Researchers (2023)

**Figure 6. Equity Multiplier Ratio**

The information above shows the trend of the Equity Multiplier ratio; this ratio is the use of stakeholders' equity in the company's operations. The equity multiplier is good if the ratio gets smaller, not more than two times. In 2020 the Equity Multiplier ratio was -5.55 (negative); this condition shows that the level of use of stakeholder capital is relatively minus so that the company's productivity operating expenses rely a lot on outside, such as bank loans or securities that the company's credit interest expense is not balanced with the company's revenue or sales, so that in 2020 the company's Equity Multiplier ratio is in bad condition, in 2021 the Equity Multiplier ratio is -11.79 (negative) ratio in 2021 is worse when compared to the previous year;
this condition shows the depreciation of the company's asset level because many of the company's operating expenses are funded from loans so that the level of debt interest payments increases, plus national economic conditions that are still uncertain due to the co-19 pandemic so that the aviation sector is still in the limitation stage. Thus the Equity Multiplier ratio in 2021 is in bad condition. In 2022 the Equity Multiplier ratio of -4.06 (negative) was better than the previous year, even though it was still a negative ratio. This condition is still the same as in 2020 and 2021; when viewed from the information above, the equity for the three years was in adverse condition, which means that the company lacks capital from investors or stakeholders to operate, so in 2022, the government took stimulus action so that the company continues to operate, considering that PT Garuda Indonesia (Persero) Tbk is the only airline company managed and owned by the government. Hence, the Equity Multiplier ratio in 2022 is still in bad condition.

Return On Equity

The information above shows the trend of the Return On Equity ratio, Return on equity is said to be good if the ratio is above 8% when the company carries out operating activities with capital and generates positive profits; of course, it is a measure of the company's financial health. In 2020 the Return On Equity ratio was -1.27% (negative); in 2021, it was -6.84% (negative); and in 2022, it was -2.45%. For three consecutive years, the Return On Equity ratio was negative. This condition was due to the total assets in 2020 and 2021 being negative, which meant that the company experienced an operating productivity loss, plus negative equity or company capital, as well as a ratio value that was far from the average industry conditions, the Return On Equity ratio in three years could be concluded to be in poor condition. In 2021, it became the worst Return On Equity ratio during the research observation period; such conditions were still strongly influenced by national and global economic conditions due to the co-19 pandemic; 2020 and 2021 were indeed the most difficult periods for aviation companies due to restrictions on community activities, in that period it was also the most challenging period for companies to survive amid economic uncertainty in the sustainability of the company. Negative equity is a severe obstacle to companies because in conditions where there is no income from company operations. However, operating costs and short-term debt payments must still be carried out so that companies have difficulty borrowing broad funding. The level of investor confidence is reduced due to the company's poor financial condition, which indicates the risk of debt default.

CONCLUSION

Based on all the information on the company's financial ratios that have been analyzed, several conclusions are obtained; the first is the Total Assets Turnover ratio in 2020 in a condition below the industry
average with a poor conclusion, in 2021 in a condition below the industry average with a poor conclusion, in 2022 in a condition below the industry average with a poor conclusion. Good. The second is the Net Profit Margin ratio in 2020 and 2021 is below the industry average and has a negative value; in 2022, it is in good condition because the ratio is above the industry average. The third is the Return On Investment ratio in 2020, and 2021 needs to be in better condition because it is a negative ratio. In 2022 the company's condition improved again by scoring a favorable ratio, better than the previous two years. Thus the conditions in 2022 are in good condition. The fourth is the Equity Multiplier ratio in 2020 in poor condition, in 2021 in poor condition, and in 2022 in poor condition; this condition is due to three consecutive years of negative Equity Multiplier ratio. The fifth Return On Equity ratio in 2020, 2021, and 2022 is worth a negative ratio for three consecutive years; the condition of the company that is losing money and negative company capital results in the company's financial condition in the wrong category and is unhealthy.

REFERENCES


