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Financial Performance Analysis on PT Perkebunan Nusantara I Regional 5 Surabaya Period 2019 - 2023

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***Abstract**. This study aims to analyze the financial performance of PT Perkebunan Nusantara I Regional 5 Surabaya for the 2019-202 period. The method used in this research is quantitative descriptive method. To determine the financial performance of PT Perkebunan Nusantara I Regional 5 using financial ratio analysis techniques. The ratio analysis used in this study are liquidity ratios (current ratio, cash ratio and quick ratio), solvency ratios (DER ratio, DAR ratio and LTDtER ratio), activity ratios (total asset turnover, receivable period turnover and inventory turnover) and profitability ratios (GPM, NPM, ROE, ROI and ROA). Quantitative data in this study are in the form of financial statements of PT Perkebunan Nusantara I Regional 5 for the 2019-2023 period. Based on the liquidity ratio, PT Perkebunan Nusantara I Regional 5 in 2019-2023 experienced a significant increase from 2020-2023 and its liquidity was better in 2023. The financial performance of the solvency ratio of PT Perkebunan Nusantara I Regional 5 for the 2019-2023 period shows a healthy and stable condition. The financial performance of the activity ratio of PT Perkebunan Nusantara I Regional 5 for the 2019-2023 period shows efficiency in managing receivables and inventories, but the use and utilization of assets to generate income needs to be improved. The financial performance of the profitability ratio at PT Perkebunan Nusantara I Regional 5 is classified as unfavorable which can increase the Company's losses. In general, the Company's performance for the 2019-2023 period is less healthy.*

***Keywords**: Financial Performance, Financial Reports, Financial Ratios*

1. INTRODUCTION

A company in assessing financial performance cannot be separated from the role of financial statements, namely from the income statement and balance sheet or other financial statements. Financial reports are also a source of information regarding the company's financial position and financial performance. The financial data is further analyzed so that information will be obtained that can support the decisions made. When measuring the company's financial performance, there are several standards that can be used, one of which is the ratio. Financial ratio analysis is comparing the numbers in the financial statements to determine the financial position of a company and assess management performance in a certain period. Some financial ratios include the liquidity ratio, solvency ratio, activity ratio and profitability ratio.

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Table 1.
Summary of Financial Report Data of PT Perkebunan Nusantara I Regional 5 Period 2019-2023 (In Million Rupiah)

No	Pos Akun	Periode				
		2019	2020	2021	2022	2023
1	Laba Bersih	58.951	- 328.017	- 932.055	- 351.093	- 195.947
2	Aset	11.736.139	11.465.357	11.186.869	10.335.124	10.329.261
3	Liabilitas	5.061.501	5.085.543	5.412.696	4.492.925	4.626.351
4	Ekuitas	6.674.638	6.379.813	5.774.173	5.842.198	5.702.910

Source: Annual Report of PT Perkebunan Nusantara I Regional 5

From the table above, it can be seen that net profit, total assets, total liabilities and total equity tend to decrease. This decrease in net profit illustrates a decrease in the company's financial performance. The decrease in asset value is influenced by several factors including a decrease in investment, asset sales and a decrease and/or write-off of asset value. A decrease in liability value indicates that the company is making debt payments and debt restructuring. A decrease in equity illustrates the company's financial pressure and reflects new challenges in managing assets and liabilities and investments. From these data, the author wants to know the company's financial performance at PT Perkebunan Nusantara I Regional 5 for the period 2019-2023.

2. LITERATURE REVIEW

Financial statements

According to Fahmi (2018), financial reports are information that describes the condition of a company, which will then become information that describes the performance of a company. Meanwhile, according to Sutrisno (2020), financial reports are the final result of the accounting process which includes two main reports, namely the Balance Sheet and the Profit and Loss Report. In other words, financial reports describe the company's financial position in a certain period in accordance with accounting principles that explain or report the company's activities as well as to evaluate the success of the company's strategy in achieving the desired goals. According to Rokhmat et al., (2024) the profit and loss report (calculation of remaining business results) is a report on the results of the company's business/operations or other entities during a certain accounting period, for example one year.

Financial performance

In assessing the level of success of a company in achieving its goals, a performance measure is needed. The measurement of this performance result is called financial performance. Financial performance will determine the company's ability to compete with other companies. Therefore, good financial performance is the main goal of every company. According to Yoadelin (2019), financial performance is a picture of the bank's financial condition in a certain period, both regarding aspects of fundraising and fund distribution which are usually measured by indicators of capital adequacy, liquidity, and profitability. According to Pangemanan et al., (2017), company performance is an achievement used by a company in a certain period that reflects the health level of the company. Financial performance analysis is a process of critically reviewing finances concerning data review, calculating, measuring, interpreting, and providing solutions to finances in a certain period (Oktapianus & Mu'arif, 2022).

Financial Statement Analysis

According to Kasmir (2016), financial report analysis is prepared based on relevant data, and is carried out with correct accounting and assessment procedures, the company's true financial condition will be seen. According to Maruta (2018), financial report analysis is the art of changing data from financial reports into useful information for the company.

Some of the goals and benefits of financial report analysis for various parties are:

1. To find out the company's financial position in a certain period, including assets, liabilities, capital, and business results that have been achieved for several periods.
2. To find out what weaknesses are the company's shortcomings.
3. To find out the strengths that are possessed.
4. To find out what improvement steps need to be taken in the future related to the company's current financial position.
5. To conduct research on future management performance to determine whether it needs to be refreshed or not because it has been deemed successful or failed.
6. It can also be used as a comparison with similar companies regarding the results they achieve.

Financial Ratio Analysis

According to Jumingan (2017), financial ratio analysis is the main tool in analyzing finance, because this analysis can be used to answer various questions about the company's financial condition. Financial ratio analysis is comparing the numbers in the financial statements to determine the financial position of a company and assess management performance in a certain period.

Liquidity Ratio

According to Kasmir (2015), Liquidity Ratio is a ratio that describes the company's ability to meet short-term obligations. Another function of the liquidity ratio is to show or measure the company's ability to meet its maturing obligations, both obligations to parties outside the company (business entity liquidity) and within the company (company liquidity). Liquidity Ratio can be measured by:

1. Current Ratio: a financial ratio used to measure a company's ability to meet its short-term obligations with its current assets.
2. Cash Ratio: a financial ratio that measures a company's ability to pay its short-term obligations immediately using available cash or cash equivalents.
3. Quick Ratio: a financial ratio that measures a company's ability to meet its short-term obligations with highly liquid assets (assets that can be quickly converted into cash).

Solvency Ratio

According to Rustan & Munawir (2020), Solvency is a measure of a company's ability to meet its financial obligations if the company is liquidated, both short-term and long-term financial obligations. The Solvency Ratio can be measured by:

1. Total Debt to Equity Ratio : a financial ratio that measures the comparison between a company's total debt and its equity or own capital. This ratio shows how much a company uses debt compared to its own capital to finance its assets.
2. Total Debt to Capital Asset Ratio : a financial ratio that measures how much a company's total debt is compared to its total capital assets.
3. Long Term Debt to Equity Ratio : a financial ratio that measures the proportion of long-term debt to a company's equity.

Activity Ratio

According to Kasmir (2015), the activity ratio is a ratio used to measure the effectiveness of a company in using its assets. Or it can also be said that this ratio is used to measure the level of efficiency (effectiveness) of the use of company resources. The activity ratio is measured by:

1. Total Asset Turnover: a financial ratio used to measure a company's efficiency in using its assets to generate revenue or sales.
2. Accounts receivable turnover period: a financial ratio used to measure the extent to which a company uses its assets to generate sales.
3. Inventory turnover: a financial ratio used to measure how efficiently a company manages its inventory, i.e. how quickly inventory is sold and replaced within a given period.

Profitability Ratio

According to Akbar & Fahmi (2020), the profitability ratio is a ratio that measures the overall effectiveness of management which is indicated by the size of the level of profit obtained in relation to sales or investment. The Profitability Ratio can be measured by:

1. Gross Profit Margin : a financial ratio that measures the percentage of revenue remaining after deducting the direct costs of producing goods or services sold by a company.
2. Net Profit Margin : a financial ratio that measures how much percentage of net profit a company earns after all costs, taxes, and other expenses are paid from total revenue.
3. Return On Equity : a financial ratio that measures how much profit a company generates from the capital or equity invested by shareholders. ROE shows the efficiency of a company in using funds provided by shareholders to generate profits.
4. Return On Investment : a financial ratio that measures the profit or loss generated from an investment made, compared to the costs or investment incurred.
5. Return On Asset : a financial ratio used to measure how efficiently a company uses its assets to generate profits.

3. METHODS

The research method used in this research is a descriptive research method quantitative, namely to analyze financial reports using financial ratios. The data used in this study uses time series data and secondary data in the form of financial reports of PT Perkebunan Nusantara I Regional 5 for the period 2019-2023. The financial ratio analysis in this study uses liquidity ratios (current ratio , cash ratio and quick ratio), solvency ratios (DER ratio, DAR ratio and LTDtER ratio), activity ratios (total asset turnover, accounts receivable turnover and inventory turnover) and profitability ratios (GPM, NPM, ROE, ROI and ROA)..

4. RESULTS

Liquidity Ratio

Liquidity ratio is a company's ability to meet short-term obligations, by measuring liquidity, the company's current assets can be seen relative to current liabilities (Sari, 2021). The liquidity ratios to be analyzed consist of the current ratio, quick ratio and cash ratio. The calculation of the liquidity ratio can be seen in the following table:

Table 2.
Liquidity Ratio Analysis Calculation Results

No	Rasio Likuiditas	Tahun				
		2019	2020	2021	2022	2023
1	Rasio Lancar	41,48%	48,50%	162,95%	178,26%	242,58%
2	Rasio Kas	16,62%	4,58%	7,73%	26,52%	33,22%
3	Rasio Cepat	19,25%	6,88%	30,77%	41,35%	147,08%

Source: Annual Report of PT Perkebunan Nusantara I Regional 5

From the table above, it can be seen that the current ratio value in 2019 was 41.48%, in 2020 it was 48.50%, in 2021 it was 162.95%, in 2022 it was 178.26% and in 2023 it was 242.58%. A good current ratio value is above 125%, so if the current ratio has a value below 125%, then the company does not have enough current assets to cover its short-term liabilities. This indicates a low level of liquidity and is not healthy in meeting short-term obligations.

Solvency Ratio

The solvency ratio is a measurement used to measure a company's ability to meet available funds with debt. Financing carried out using debt has a fixed burden, the use of debt must be able to balance profits and losses (Sari, 2021). The solvency ratios to be analyzed consist of the DER ratio, DAR ratio and LTDtER ratio. The calculation of the solvency ratio can be seen in the following table:

Table 3.
Results of Solvency Ratio Analysis Calculation

No	Rasio Solvabilitas	Tahun				
		2019	2020	2021	2022	2023
1	Rasio DER	75,83%	79,71%	93,74%	76,16%	81,12%
2	Rasio DAR	43,13%	44,38%	48,38%	43,23%	44,79%
3	Rasio LTDtER	34,54%	49,51%	83,46%	67,14%	69,33%

Source: Annual Report of PT Perkebunan Nusantara I Regional 5

From the table above, it can be seen that the DER value in 2019 was 75.83%, in 2020 it was 79.71%, in 2021 it was 93.74%, in 2022 it was 76.16% and in 2023 it was 81.12%. The ideal DER value is <100%, so if the DER value is <100% it will be better because the company is financed more by equity than debt. This shows that the company is still in a healthy condition for this category, because the debt value is smaller than equity.

Activity Ratio

According to Kasmir (2015), the activity ratio is a ratio used to measure the effectiveness of a company in using its assets. Or it can also be said that this ratio is used to measure the level of efficiency (effectiveness) of the use of company resources.

Table 4.
Activity Ratio Analysis Calculation Results

No	Rasio Aktivitas	Satuan	Tahun				
			2019	2020	2021	2022	2023
1	TATO	%	14,81%	15,39%	16,99%	16,99%	12,49%
2	Periode Pengumpulan Piutang	Hari	11	2	22	5	76
3	Perputaran Persediaan	Hari	59	77	41	35	32

Source: Annual Report of PT Perkebunan Nusantara I Regional 5

From the table above, it can be seen that the TATO value in 2019 was 14.81%, in 2020 it was 15.39%, in 2021 it was 16.99%, in 2022 it was 16.99% and in 2023 it was 12.49%. The ideal TATO value is > 60%, so if the TATO value is > 60% it will be even better because it shows that the company's assets are being utilized optimally to generate income. The TATO value of PT Perkebunan Nusantara I Regional 5 is still <60%, so PT Perkebunan Nusantara I Regional 5 has not been able to utilize it optimally to generate income.

Profitability Ratio

The profitability ratio is a measurement of a company's ability to generate profits and a measurement of the efficient use of capital to generate maximum profits in a certain period.

Table 5.

Profitability Ratio Analysis Calculation Results

No	Rasio Profitabilitas	Tahun				
		2019	2020	2021	2022	2023
1	GPM	21,08%	19,09%	22,42%	21,80%	14,68%
2	NPM	6,23%	-25,68%	-56,40%	-19,19%	-28,86%
3	ROE	-1,71%	-6,42%	-14,69%	-6,28%	-6,42%
4	ROI	2,09%	1,85%	-0,31%	1,27%	0,32%
5	ROA	1,87%	1,67%	-0,29%	1,18%	0,30%

Source: Annual Report of PT Perkebunan Nusantara I Regional 5

From the table above, it can be seen that the GPM value in 2019 was 21.08%, in 2020 it was 19.09%, in 2021 it was 22.42%, in 2022 it was 21.80% and in 2023 it was 14.68%. A healthy GPM value is > 20%, so if the GPM value is > 20% it will be even better because it shows efficiency in managing production costs.

5. DISCUSSION

The cash ratio value in 2019 was 16.62%, in 2020 it was 4.58%, in 2021 it was 7.73%, in 2022 it was 26.25% and in 2023 it was 33.22%. A good cash ratio value is above 35%, so if the cash ratio has a value below 35%, then the company has a significant weakness in providing instant liquidity to meet short-term obligations. value in 2019 was 19.25%, in 2020 it was 6.88%, in 2021 it was 80.77%, in 2022 it was 41.35% and in 2023 it was 147.08%. A value that is considered good is above 100%, so if the quick ratio has a value below 100%, then the company is very dependent on inventory to cover liabilities which reflects a high liquidity risk. With these three ratios, PT Perkebunan I Regional 5 in 2019-2023 is in the unhealthy category in terms of liquidity. The company faces a high risk in meeting its short-term obligations, so the company needs to increase current assets, especially cash and cash equivalents, to improve liquidity and operational efficiency and short-term debt management must be improved to reduce pressure on current liabilities.

The DAR value in 2019 was 43.13%, in 2020 it was 44.38%, in 2021 it was 48.38%, in 2022 it was 43.23% and in 2023 it was 44.79%. The ideal DAR value is <50%, so if the DAR value is <50% it will be better because the majority of its assets are financed by equity or non-debt sources. This shows that the majority of the Company's assets are financed by equity or non-debt sources. The LTDtER value in 2019 was 34.54%, in 2020 it was 49.51%, in 2021 it was 83.46%, in 2022 it was 67.14% and in 2023 it was 69.33%. The ideal LTDtER value is <50%, so if the LTDtER value is <50% it will be better because it shows less dependence on long-term debt. With the three indicators on the solvency ratio, PT Perkebunan Nusantara I Regional 5 in 2019-2023 is in the healthy category in terms of solvency. This is indicated by the use of controlled and not excessive debt.

The value of the receivables collection period in 2019 was 11 days, in 2020 it was 2 days, in 2021 it was 22 days, in 2022 it was 5 days and in 2023 it was 76 days. A good receivables collection period value is <60 days, so if the receivables collection period value is <60 days it will be even better because it shows that the company is in a healthy category because the efficiency of receivables management is very good.

The inventory turnover value in 2019 was 59 days, in 2020 it was 77 days, in 2021 it was 41 days, in 2022 it was 35 days and in 2023 it was 32 days. A good inventory turnover value is <60 days, so if the inventory turnover value is <60 days it will be even better because it shows that the company is in a healthy category because the efficiency of inventory management is very good. With these three ratios, PT Perkebunan I Regional 5 in 2019-2023 overall has good efficiency in managing receivables and inventory accordingly. However, the efficiency of utilizing total assets to generate income is still weak.

The NPM value in 2019 was 6.23%, in 2020 it was -25.68%, in 2021 it was -56.40%, in 2022 it was -19.19% and in 2023 it was -28.86%. A healthy NPM value is > 10%, so if the NPM value is > 10% it will be even better. Based on the data above, in 2020-2023 the company posted a significant loss, so it can be said that in that year PT Perkebunan Nusantara I Regional 5 has not been able to show efficiency and generate net profit.

The ROE value in 2019 was -1.71%, in 2020 it was -6.42%, in 2021 it was -14.69%, in 2022 it was -6.28% and in 2023 it was -6.42%. A good ROE value is > 15%, so if the ROE value is > 15% it will be even better because of the effectiveness and efficiency of equity use. Based on the data above, it can be seen that PT Perkebunan Nusantara I Regional 5 has not provided a rate of return to shareholders because the value is negative which reflects the inefficiency of the company's use of equity.

The ROI value in 2019 was 2.09%, 2020 was 1.85%, 2021 was -0.31%, 2022 was 1.27% and 2023 was 0.32%. A good ROI value is > 18%, so if the ROI value is > 18% it will be even better because it provides significant returns. Based on the data above, it can be seen that PT

Perkebunan Nusantara I Regional 5 is in the category of unhealthy companies where the investments made by the company have not provided significant returns.

The ROA value in 2019 was 1.87%, 2020 was 1.67%, 2021 was -0.29%, 2022 was 1.18% and 2023 was 0.30%. A good ROA value is > 3%, so if the ROA value is > 3% it will be even better because the company is able to utilize assets optimally to generate profits. Based on the data above, it can be seen that PT Perkebunan Nusantara I Regional 5 is in the unhealthy category because the company's assets have not been utilized optimally to generate profits. With these five ratios, PT Perkebunan Nusantara I Regional 5 in 2019-2023 as a whole the company showed unhealthy performance in terms of investment management, assets and returns to shareholders, despite having efficiency in generating gross profit and net profit from sales.

6. CONCLUSION

Based on the analysis conducted, the company's financial performance during the period 2019 to 2023 can be concluded as follows:

1. When viewed from the liquidity ratio, PT Perkebunan Nusantara I Regional 5 is in an unhealthy condition even though the current ratio and cash management and short-term liabilities are very good.
2. When viewed from the solvency ratio, PT Perkebunan Nusantara I Regional 5 has a healthy capital structure and controlled debt so that the solvency risk is low.
3. When viewed from the activity ratio, PT Perkebunan Nusantara I Regional 5 has efficiency in managing receivables and inventory, but asset utilization and management are still low.
4. When viewed from the profitability ratio, PT Perkebunan Nusantara I Regional 5 has a fairly high gross profit margin, but there is no efficiency in utilizing assets, investment is very weak and cost control is weak so that it can cause losses for the Company.
5. In general, the financial performance of PT Perkebunan Nusantara I Regional 5 during 2019-2023 is included in the unhealthy category.

7. LIMITATION

Based on the results and conclusions obtained from this study, the author can provide suggestions including the following:

1. Companies need to focus on increasing the efficiency of using fixed assets to generate greater revenue.

2. Companies should create stricter policies regarding the timing of receivables payments and the use of information technology to monitor and accelerate the receivables collection process.
3. Focusing on better cash management and evaluating and optimizing existing investments delivers maximum results.

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