FINANCIAL PERFORMANCE ANALYSIS USING ECONOMIC VALUE ADDED (EVA) AND FINANCIAL VALUE ADDED (FVA) AT PT. ASTRA INTERNATIONAL TBK 2017-2021 PERIOD

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Abstract
This study aims to assess the financial performance of PT. Astra International Tbk during the 2017-2021 period by employing the Economic Value Added (EVA) and Financial Value Added (FVA) metrics. The type of research used in this study is descriptive research utilizing a quantitative approach. The population of this study consists of all the financial report data of PT. Astra International Tbk from 2017 to 2021, while the samples include the statements of financial position and profit/loss statements. The data collection technique employed is documentation. The collected data was analyzed using the EVA and FVA calculations. The findings of this study indicate that PT. Astra International Tbk demonstrated positive results in terms of financial performance when measured using EVA, indicating their ability to generate economic value added. Similarly, when measured using FVA, PT. Astra International Tbk achieved positive results, signifying their ability to generate financial value added. Overall, PT. Astra International’s performance can be characterized as commendable.

Keywords: Economic Value Added (EVA), Financial Performance, Financial Value Added (FVA)

1. INTRODUCTION
The Indonesian economy is undergoing continuous development and progress, driven by increasing market challenges and competition. In order to thrive in Indonesia, companies must effectively compete with both domestic and foreign counterparts (Edelia & Aslami, 2022). With the diminishing boundaries between countries, numerous foreign companies have begun to establish their presence in Indonesia. One such company is PT. Astra International Tbk, which is controlled by Jardine Cycle and Carriage (JC&C), holding a majority stake of 50.11%.

PT. Astra International Tbk is a prominent diversified conglomerate in Indonesia. As an investment holding company, it serves as a barometer for the Indonesian economy, engaging in seven primary business lines: (1) automotive; (2) financial services; (3) heavy equipment, mining & energy; (4) agribusiness; (5) information technology; (6) infrastructure and logistics; and (7) property. Being one of the largest companies in the Asia Pacific region, PT. Astra International enjoys a promising outlook in Indonesia. Therefore, it is crucial to assess the company's performance, particularly its financial performance. Evaluating financial performance involves analyzing the financial condition of a company through various financial analysis tools, providing insights into its strengths and weaknesses (Fahmi, 2012; Horngren et al., 2013). Financial reports serve as a means to assess a company's financial performance, encompassing balance sheets, profit and loss reports, reports on changes in capital, notes on financial statements, and
cash reports (Kasmir, 2015). Conducting a financial performance assessment of PT. Astra International Tbk allows us to gain comprehensive information about the company's performance while considering the relevant factors. Moreover, such an assessment provides potential investors with an overview of the company's financial condition.

Financial performance is commonly measured using financial ratio analysis over a specific period. This approach involves calculating profitability ratios, solvency ratios, liquidity ratios, and others. However, relying solely on ratios for financial performance analysis is suboptimal due to their inherent weaknesses (Bringham & Houston, 2010). Notably, financial ratios often overlook the cost of capital in their calculations, hindering the determination and measurement of a company's added value.

To address these limitations, a value-based financial performance measurement method has been developed as an alternative. This method aims to incorporate all components of measurable profit expectations, including the cost of capital. The measurement of financial performance employs value-added measurement, comprising Economic Value Added (EVA) and Financial Value Added (FVA) (Indra et al., 2022; Kadim, 2020; Oktavia & Hartati, 2022). EVA is a financial management method that assesses company profits by considering the ability to cover operating costs and capital costs, emphasizing the creation of prosperity. FVA, on the other hand, is a novel method for measuring company performance and added value.

In light of the aforementioned description, this study presents financial statements related to the development of total assets (Total Assets) and net profit (Net Profit) in PT. Astra International Tbk's balance sheet report and net profit calculation report from 2017 to 2021, as depicted in the table below.

Table 1. Financial Report Data of PT. Astra International Tbk 2017-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (Million IDR)</th>
<th>Change (%)</th>
<th>Net Operating Profit (Million IDR)</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>295,646,000</td>
<td></td>
<td>23,165,000</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>344,711,000</td>
<td>17</td>
<td>27,372,000</td>
<td>18</td>
</tr>
<tr>
<td>2019</td>
<td>351,958,000</td>
<td>2</td>
<td>26,621,000</td>
<td>-3</td>
</tr>
<tr>
<td>2020</td>
<td>338,203,000</td>
<td>-4</td>
<td>18,571,000</td>
<td>-30</td>
</tr>
<tr>
<td>2021</td>
<td>367,311,000</td>
<td>9</td>
<td>25,586,000</td>
<td>38</td>
</tr>
</tbody>
</table>

Source: [www.astra.co.id](http://www.astra.co.id), 2023

Net profit in PT. Astra International Tbk has shown a consistent increase, accompanied by continuous asset development. This has a significant impact on the measurement of Economic Value Added (EVA) and Financial Value Added (FVA). A higher net profit indicates a greater potential for generating positive EVA and FVA values. By utilizing EVA and FVA as methods to measure financial performance, the inclusion of capital costs provides a comprehensive evaluation of company performance, considering the level of risk involved (Argeswara, 2018). This, in turn, aids managers in making more informed investment decisions.
Economic Value Added and Financial Value Added serve as indicators of the added value of an investment. Positive values of EVA and FVA demonstrate the management's ability to create economic added value for the company. Conversely, negative values of EVA and FVA indicate a lack of value creation within the company's operations (Indra et al., 2022).

Based on the aforementioned description, the researchers are interested in conducting current study, by considering the background of the identified problems, this research aims to explore and provide answers regarding the financial performance of PT. Astra International Tbk when assessed using Economic Value Added (EVA) and Financial Value Added (FVA) for the period spanning from 2017 to 2021.

2. RESEARCH METHODS

The research employed a descriptive research design with a quantitative approach to analyze the financial performance of PT. Astra Internasional Tbk (Sugiyono, 2017). The study focused on utilizing Economic Value Added (EVA) and Financial Value Added (FVA) as measurement methods. The objective was to assess the company's financial performance over the period from 2017 to 2021. Data collection techniques involved documentation and literature study techniques.

The sample for this study comprised the company's financial statements, including the income statement and balance sheet of PT. Astra Internasional Tbk, accessed through the official website www.Astra.co.id. Quantitative analysis was performed on the available data, utilizing the following stages:

1. Gathering the necessary data from the annual financial reports spanning from 2017 to 2021.
2. Calculating the components of EVA:

   \[ \text{EVA} = \text{NOPAT} - \text{Capital Charge} \]

   Information:
   - NOPAT : Net Operating Profit After Tax
   - Capital Charge : WACC x invested capital

   Steps to calculate EVA:
   - EVA components
     - NOPAT = EBIT (1-Tax)
     - IC = (Total Debt + Equity) – Short Term Debt
     - WACC = \([(D \times rd) (1-Tax) + (E \times re)]\)
     - CC = WACC x IC

   Information:
   - EBIT : Earning Before Interest And Tax/Profit Before interest and tax
   - IC : Invested Capital
WACC : Weighted Average Cost of Capital
D : Capital Level
rd : Cost Of Debt
taxes : Tax
E: Capital & Equity Levels
re : Cost Of Equity
CC : Capital Charge

3. Computing the components of FVA:

\[ FVA = NOPAT - (ED - \text{Depreciation}) \]

Where:
NOPAT = Net Operating Profit After Tax
ED–D = Equivalent Depreciation – Depreciation

Steps to calculate FVA:

- **FVA components**
  - NOPAT: EBIT (1–Tax)
  - TR: \( d + e \)
  - WACC (k): \( [(D \times rd) \times (1–Tax) + (E \times re)] \)
  - Equivalent Depreciation: WACC \times IC

Information :
EBIT : Earning Before Interest And Tax/Profit Before interest and tax
TR : Invested Capital
d : Long-term debt
e : Total Equity
WACC (k) : Weighted Average Cost of Capital
D : Capital Level
rd : Cost Of Debt
taxes : Tax
E: Capital & Equity Levels
re : Cost Of Equity
ED : Equivalent Depreciation / Cost of Debt Capital

4. Drawing conclusions based on the results of these calculations.
5. Providing contributions, future insights, and engaging in scientific discussions.
3. RESULTS AND DISCUSSION

3.1. Results

3.1.1. Economic Value Added (EVA) Analysis

Table 2. Calculation results of the Economic Value Added (EVA) of PT. Astra International Tbk 2017-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>EVAs (Million IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6,662,769</td>
</tr>
<tr>
<td>2018</td>
<td>7,651,719</td>
</tr>
<tr>
<td>2019</td>
<td>5,125,742</td>
</tr>
<tr>
<td>2020</td>
<td>2,539,346</td>
</tr>
<tr>
<td>2021</td>
<td>5,952,792</td>
</tr>
</tbody>
</table>

Source: Financial Data of PT. Astra Internasional Tbk, Data Processed, 2023

Based on the table above, the results of the financial performance analysis using Economic Value Added (EVA) at PT. Astra International Tbk for the years 2017 to 2021 have shown fluctuations. In 2017, the EVA value was IDR 6,662,769. In 2018, the EVA value increased to IDR 7,651,719 due to a high NOPAT value compared to the low capital cost, unlike the EVA value in other years. However, in 2019, the EVA value decreased to IDR 5,125,742. Furthermore, in 2020, the EVA value decreased again to IDR 2,539,346 due to a relatively low NOPAT value combined with relatively high capital costs. Finally, in 2021, it increased to IDR 5,952,792.

3.1.2. Financial Value Added (FVA) Analysis

Table 3. Results of Calculation of Fianancial Value Added PT. Astra International Tbk 2017-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>FVA (Million IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>13,173,769</td>
</tr>
<tr>
<td>2018</td>
<td>15,570,718</td>
</tr>
<tr>
<td>2019</td>
<td>14,775,742</td>
</tr>
<tr>
<td>2020</td>
<td>14,320,346</td>
</tr>
<tr>
<td>2021</td>
<td>16,537,792</td>
</tr>
</tbody>
</table>

Source: Financial Data of PT. Astra International, Processed Data, 2023

Based on the table above, the results of the financial performance analysis using Economic Value Added (EVA) at PT. Astra International Tbk for the years 2017 to 2021 have shown fluctuations. In 2017, the EVA value was IDR 6,662,769. In 2018, the EVA value increased to IDR 7,651,719 due to a high NOPAT value compared to the low capital cost, unlike the EVA value in other years. However, in 2019, the EVA value decreased to IDR 5,125,742. Furthermore, in 2020, the EVA value decreased again to IDR
2,539,346 due to a relatively low NOPAT value combined with relatively high capital costs. Finally, in 2021, it increased to IDR 5,952,792.

Based on the data above, it can be seen that the Economic Value Added (EVA) value of PT. Astra International Tbk for the period 2017-2021 tends to experience fluctuations but overall shows an increasing trend. The positive values of EVA indicate that the company's financial performance is in good condition (Yusuf, 2021). It is worth noting that the EVA value reached its peak in 2018, showing a significant improvement in that year.

Moreover, let's expand on the Financial Value Added (FVA) analysis: Based on the table above, the results of the financial performance analysis using Financial Value Added (FVA) at PT. Astra International Tbk for the years 2017 to 2021 have shown an overall increase. In 2017, the FVA value was IDR 13,173,769. In 2018, the FVA value increased to IDR 15,570,718. However, in 2019, the FVA value decreased to IDR 14,775,742. Furthermore, in 2020, the FVA value again decreased to IDR 14,320,346. Finally, in 2021, it increased to IDR 16,537,792.

Based on the data above, it can be observed that the Financial Value Added (FVA) value of PT. Astra International Tbk for the period 2017-2021 has shown an increasing trend and is positive. This indicates the company's ability to generate additional financial value. It is notable that the FVA value steadily increased from 2017 to 2021, with a notable peak in 2021.

The comparison between the Economic Value Added (EVA) method and the Financial Value Added (FVA) method reveals that the financial performance of PT. Astra International Tbk is in good condition. Both EVA and FVA values have increased and are above 0, indicating the presence of economic and financial added value for the company. These positive trends reflect the company's success in generating economic and financial value over the analyzed period (Iramani & Febrian, 2005; Kadim, 2020; Oktavia & Hartati, 2022).

3.2. Discussion
Comparing the findings from our study on PT. Astra International with other studies on different companies, we can observe some similarities and differences in the financial performance results using various evaluation methods.

In the study on coal subsector mining companies, it was found that six companies had positive EVA values over a five-year period (Masyiyan & Isynuwardhana, 2020). However, three companies had consistently negative MVA values, indicating a lack of market value-added. Additionally, three companies had negative FVA values throughout the study period, suggesting a challenge in generating financial value-added.

In another study on firms listed on the Jakarta Islamic Index, all seven companies demonstrated positive financial performance using both the EVA and MVA methods (Jayaprawira & Kusumah, 2022). This indicates their ability to generate economic value-added and market value-added, contributing to the expansion of investor wealth.

Similarly, a study on manufacturing companies in the cosmetics and household subsector revealed that all three sample companies had positive EVA and FVA values, signifying their successful creation of economic and financial value-added for the company and shareholders (Sugiarto & Falah, 2019).
On the other hand, in the study on PT. Buana, it was observed that the company's financial performance with EVA measurement exhibited a positive increase from 2019 to 2020 (Widya et al., 2022). However, its financial performance with FVA measurement experienced a negative decline during the same period. This indicates a disparity in the company's ability to generate financial value-added.

In the study on PT. Bank Syariah Mandiri, it was found that the company succeeded in creating economic added value, as evidenced by positive EVA values over the period 2017-2019 (Hardana et al., 2022). This signifies the company's ability to generate positive economic value-added. Lastly, a study on manufacturing companies listed on the Indonesia Stock Exchange (IDX) found positive financial performance as a whole, with positive EVA, FVA, and MVA values over a five-year period (Cahyandari et al., 2021).

In summary, while there may be variations in the financial performance results across different studies, the positive EVA values in most cases indicate the companies' success in creating economic value-added. However, variations can be observed in terms of market value-added (MVA) and financial value-added (FVA) results, which highlight differences in generating value from the market and financial aspects.

4. CONCLUSION

Based on the results of research measuring financial performance using the EVA and FVA methods at PT. Astra International Tbk, several conclusions can be drawn. Firstly, when applying the Economic Value Added (EVA) method to measure financial performance for the period 2017-2021, it is evident that PT. Astra International Tbk has shown a consistent upward trend with EVA values consistently above 0, indicating positive EVA. This positive trend signifies the company's ability to create economic added value, maximizing profits and contributing to overall financial well-being.

Secondly, employing the Financial Value Added (FVA) method to assess financial performance for the same period, PT. Astra International Tbk has also exhibited a positive trajectory with FVA values consistently above 0. This outcome implies that the company's fixed assets have played a significant role in generating profits and contributing to overall financial success.

In summary, the research findings highlight the favorable financial performance of PT. Astra International Tbk, as indicated by both the EVA and FVA measurements. The increasing trend and positive values in both EVA and FVA underscore the company's ability to create economic and financial value, optimize profitability, and effectively leverage its fixed assets. These conclusions demonstrate PT. Astra International Tbk's success in sustaining and enhancing its financial performance over the analyzed period.

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