

ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

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Abstract

This study aims to determine the financial performance of the pharmaceutical industry listed on the Indonesia Stock Exchange using the Economic Value Added (EVA) method during the 2018-2022 period. The type of research used is quantitative using descriptive data. The population in this study is the financial statements of the pharmaceutical industry listed on the Indonesia Stock Exchange consisting of PT Sido Muncul Tbk, PT Pyridam Farma Tbk, PT Kalbe Farma Tbk, PT Kimia Farma Tbk, PT Indofarma Tbk and PT Darya-Varia for the last 5 years, 2018-2022. The sample of this study is the statement of financial position and comprehensive income. The data collection technique used is documentation. The data analysis technique used is Economic Value Added (EVA) analysis which consists of NOPAT, Invested Capital, WACC, and Capital Charges. The results of this study indicate that the value of Economic Value Added (EVA) at PT Sido Muncul Tbk, PT Kalbe Farma Tbk, and PT Darya-Varia Laboratoria Tbk during the 2018-2022 period was always positive ($EVA > 0$) so it can be said that management is able to create added economic value for the company. However, PT Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good because there is a negative EVA. In 2019 it was noted that the Economic Value Added (EVA) value of PT Pyridam Farma Tbk decreased to a negative value ($EVA < 0$), so it can be said that the company has not been able to create added economic value for the company.

Keywords: Economic Value Added (EVA), Finance Performance

INTRODUCTION

Measurement of financial performance is important to determine the extent to which a company's finances have increased or decreased. The company's financial performance is a picture of the success of a company in managing and controlling all the resources that exist in the company. Financial performance can also be described as the results or achievements that have been achieved by the company's management in carrying out its function of managing the company within a certain period, and through this financial performance can be known the level of soundness of the company so that investors can assess the financial performance of a company. Assessment of financial performance is needed in knowing the results of activities and operational effectiveness of a company based on predetermined criteria.

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Rudianto (2013: 192) argues that the ROE measurement tool shows the ability of management and maximizes the rate of return only to shareholders on the rupiah equity used by the company, while ROI is felt to have several weaknesses including there are many costs that are beyond the control of the profit center and the impact it has for increasing short-term ROI. So, it is considered that ROE and ROI cannot be used as a single measure because it is difficult to know whether a company has succeeded in creating value or not. Based on the weaknesses of the ROE and ROI analysis, the concept of measuring financial performance based on added value (Value Added), namely Economic Value Added, is developed to overcome them.

The capital structure is a proportion in determining the company's needs through funds obtained from long-term funds which consist of two main sources, namely those originating from outside the company/foreign capital (external company) from debt (debt financing) as well as issuance of shares (equity financing) and from within the company/own capital (internal company) from retained earnings or company ownership. The capital structure is considered important because the total cost of capital will later be used in making investment decisions. According to the theory of the traditional approach, the optimal capital structure affects the value of a company.

According to Brigham and Houston (2013: 73) Economic Value Added is a relatively new financial analysis tool for assessing company performance from a financial perspective. In contrast to traditional accounting performance measurements, EVA tries to measure the added value (Value Creation) generated by a company by reducing the cost of capital (Cost of Capital) that arises as a result of investments made. Cost of Capital (cost of capital) is a real cost borne by the company caused by the use of capital to invest and its nature as a cost. The cost of capital is also interpreted as a minimum level of company income so that the company is not declared a loss.

Economic Value Added was first developed by Stern and Steward, an analyst from the consulting firm Stern and Steward Company in 1993 (Sawir: 2009). The Economic Value Added (EVA) method in Indonesia is known as the NITAMI (Economic Value Added) method. Economic Value Added (EVA) is a financial management system for measuring economic profit in a company, which states that prosperity can only be created if the company is able to meet all operational costs and capital costs.

A positive EVA value indicates management's ability to create an increase in the value of the company's/capital owner's wealth, so that it becomes a benchmark for investors and potential investors in making investment decisions. Conversely, a negative EVA value implies a decrease in the value of wealth, and is followed by an investor's desire to sell shares of the company. Companies will be considered to have good performance if they are able to produce positive EVA values.

The pharmaceutical industry is a science-based industry that is research-intensive. One thing that cannot be avoided is the sharp competition between pharmaceutical companies. Companies that have good financial performance are companies that are able to increase their competitive advantage so that they can survive and win the competition in the business world. For this reason, the management of every pharmaceutical company always pays primary attention to every element of the company's main activities. Then use performance measurement based on value (value). Measurement of this value can be used as a basis for company management in controlling capital, financing plans, means and means of communication with shareholders can also be used as a basic tool in determining incentives for employees.

Based on several studies by Taufiq (2022), Setyowati et al (2021), and Musdalipa (2020), it can be seen that PT. Kalbe Farma Tbk in 2016 to 2020 and PT. The Herbal and Pharmaceutical Industry SIDO MUNCUL Tbk from 2017 to 2019 can produce positive Economic Value Added (EVA) values, which means that the company has good financial performance. Meanwhile PT. Kimia Farma Tbk in 2019 has a negative EVA value, this is because long-term liabilities continue to increase so that there is no economic added value to the company. So that the company can be said to have poor financial performance in that period.

LITERATURE REVIEW

1. Financial Performance

Marginingsih (2017) financial statements are reports that are used to obtain information about the financial condition of a company and the results that have been achieved in a certain period.

2. Financial Statements

Harahap (2016) argues that "Financial reports are reports that describe the financial condition and results of operations of a company at a certain time or for a certain period of time."

3. Economic Value Added(EVA)

According to Mardiyanto (in Fauzan, 2020), the economic value-added model offers quite objective parameters because it departs from the concept of capital costs, namely reducing profits with capital costs, where this capital cost burden reflects the level of company risk. Economic Value Added is the company's goal to increase the value of the capital that investors and shareholders have invested in business operations.

METHOD

1. Research Variables

In this study only used a single variable. This variable is the financial performance of the pharmaceutical industry listed on the Indonesia Stock Exchange with Economic Value Added (EVA) analysis indicators.

ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

Sayyed Muhammad Fikri Assagaf, Anwar, Andi Mustika Amin, Anwar Ramli, Hety Budiyanti

2. Research Design

This research is a type of quantitative research using descriptive data in the form of financial report data for the pharmaceutical industry listed on the Indonesia Stock Exchange for the 2018-2022 period.

3. Operational Definition and Variable Measurement

a. Variable Operational Definitions

The following will describe the operational definitions of the variables in this study:

- 1) *Economic Value Added* (EVA) is operational profit after tax deducted by the cost of capital or in other words EVA is a measurement of the residual income of the pharmaceutical industry which is listed on the Indonesia Stock Exchange in a certain period by deducting the cost of capital from operating profit after tax.
- 2) Financial performance is an illustration of the financial condition of the pharmaceutical industry listed on the Indonesia Stock Exchange, both in terms of raising funds and channeling funds, as measured by the Economic Value Added (EVA) indicator. Through this financial performance analysis, it can be seen to what extent the company achieves the targets set by the company's management.

b. Variable Measurement

Variable measurements are in accordance with the calculation of Economic Value Added (EVA) using the time series method, namely by comparing EVA values from year to year in rupiah units.

4. Population and Sample

The population in this study is the financial statements of the pharmaceutical industry listed on the Indonesian Stock Exchange. The samples of this study are the statements of financial position and comprehensive income statements of the pharmaceutical industry which are listed on the Indonesia Stock Exchange for the last 5 years 2018-2022. The sample criteria to be analyzed are taken from the company's financial statement data in the relevant period making a profit or not experiencing a loss.

5. Data Collection Techniques

The research data collection method is the documentation method, namely collecting information about the pharmaceutical industry listed on the Indonesia Stock Exchange in the form of financial reports through the official website of the Indonesia Stock Exchange, namely www.idx.co.id.

6. Data Analysis Techniques

The data analysis technique used is quantitative analysis, namely analysis based on data that can be calculated. Quantitative steps to determine Economic Value Added (EVA) are as follows.

1. Calculating Net Operating Profit After Tax (NOPAT)

NOPAT is the profit generated from the company's operations after deducting income tax, including finance costs and non-cash bookkeeping entries such as depreciation expenses. The formula for calculating NOPAT is as follows.

$$\text{NOPAT} = \text{EBIT} - \text{Tax}$$

2. Calculating Invested Capital (invested capital)

Invested Capital is the sum of all loans excluding short-term interest-free loans, such as trade payables, accrued expenses, taxes payable, advances from customers and others. The formula for calculating Invested Capital is as follows.

$$\text{Invested Capital} = \text{Total debt \& equity} - \text{short term debt}$$

3. Calculating the Weighted Average Cost of Capital (WACC) the weighted average cost of capital

WACC is a reflection of the expected average cost of capital in the future. WACC calculation can be obtained by the formula:

$$\text{WACC} = \text{Wd} \times \text{Kd} (1-T) + (\text{We} \times \text{Ke})$$

4. Capital Charges(Capital Cost)

Capital charges is the minimum rate of return that must be obtained by the company from the invested capital. The capital charges formula is as follows.

$$\text{Cost of Capital / Capital Charges} = \text{Invested Capital} \times \text{WACC}$$

5. Economic Value Added (EVA) Analysis

$$\text{EVA} = \text{NOPAT} - \text{Capital Charges}$$

Based on the results of the Economic Value Added (EVA) analysis, the company's financial performance can be determined as follows.

- 1) If the EVA results show a positive value ($\text{EVA} > 0$), then the company can be said to have increased financial performance.
- 2) If the EVA results show ($\text{EVA} = 0$) or a negative value ($\text{EVA} < 0$), then the company is said to be experiencing a decline or having poor financial performance.

DISCUSSION RESULT

1. Analysis of Research Results

1.1 NOPAT Calculation Results

1) PT. Sido Muncul Tbk (SIDO)

Table1Net Operating Profit After Tax (NOPAT) PT. Sido Muncul Tbk 2018-2022.

ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

Sayyed Muhammad Fikri Assagaf, Anwar, Andi Mustika Amin, Anwar Ramli, Hety Budiyanti

| Year | EBIT (In million rupiah) | Tax (In million rupiah) | NOPAT (In million rupiah) |
|------|-----------------------------|----------------------------|------------------------------|
| 2018 | 867,837 | (203,988) | 663,849 |
| 2019 | 1,073,835 | (266,146) | 807,689 |
| 2020 | 1,199,548 | (265,532) | 934,016 |
| 2021 | 1,613,231 | (352,333) | 1,260,898 |
| 2022 | 1,419,852 | (315,138) | 1,104,714 |

(Source: Data processed by the author in 2023)

Based on the table above, it is known that the Net Operative Profit After Tax (NOPAT) value of PT. Sido Muncul Tbk during the 2018-2021 period continues to experience an increase in EBIT value, this shows that PT. Sido Muncul Tbk was able to increase sales by reducing selling and marketing expenses. However, in 2022 it will experience a decline due to a decrease in sales levels so that the EBIT generated decreases.

2) PT. Pyridam Farma Tbk (PYFA)

Table2Net Operating Profit After Tax (NOPAT) PT. Pyridam Farma Tbk 2018-2022.

| Year | EBIT (In million rupiah) | Tax (In million rupiah) | NOPAT (In million rupiah) |
|------|-----------------------------|----------------------------|------------------------------|
| 2018 | 11,317 | (2,869) | 8,448 |
| 2019 | 12,518 | (3,176) | 9,342 |
| 2020 | 29,642 | (7,537) | 22,105 |
| 2021 | 8,811 | (3,332) | 5,479 |
| 2022 | 263,080 | 12,391 | 275,472 |

(Source: Data processed by the author in 2023)

Based on the table, it can be seen that PT. Pyridam Farma Tbk experienced fluctuations both in the level of EBIT and the taxes it generated. From 2018 to 2020, EBIT continues to increase in line with the increase in tax earned. However, in 2021 the value of NOPAT will decrease, even though PT. Pyridam Farma Tbk continues to increase, but the profit generated has decreased because the cost of goods sold and financial expenses have increased. In 2022 PT. Pyridam Farma Tbk was able to increase the value of NOPAT with an increase in EBIT which came from other income and did not generate a tax burden but tax benefits.

3) PT. Kalbe Farma Tbk (KLBF)

Table3Net Operating Profit After Tax (NOPAT) PT. Kalbe Farma Tbk 2018-2022.

| Year | EBIT (In million rupiah) | Tax (In million rupiah) | NOPAT (In million rupiah) |
|------|-----------------------------|----------------------------|------------------------------|
| 2018 | 3,306,399 | (809,137) | 2,497,261 |
| 2019 | 3,402,616 | (865,015) | 2,537,601 |
| 2020 | 3,627,632 | (828,010) | 2,799,622 |
| 2021 | 4,143,264 | (911,256) | 3,232,008 |
| 2022 | 4,458,896 | (1,008,813) | 3,450,083 |

(Source: Data processed by the author in 2023)

PT. Kalbe Farma Tbk has increased from 2018 to 2022. PT. Kalbe Farma Tbk is optimistic about maintaining sales growth targets, with strong capital to strengthen the distribution and logistics segments. The result with an increase in various segments is able to increase the company's revenue. The highest NOPAT value was generated in 2022 reaching Rp. 3,450,083,000,000, which was due to the increase in the EBIT value compared to the increase in the tax value.

4) PT. Darya-Varia Laboratoria Tbk (DVLA)

Table4. Net Operating Profit After Tax (NOPAT) PT. Darya-Varia Laboratoria Tbk 2018-2021.

| Year | EBIT (In million rupiah) | Tax (In million rupiah) | NOPAT (In million rupiah) |
|------|-----------------------------|----------------------------|------------------------------|
| 2018 | 272,843 | (72,191) | 200,652 |
| 2019 | 301,250 | (79,466) | 221,784 |
| 2020 | 214,069 | (51,996) | 162,073 |
| 2021 | 211,793 | (65,067) | 146,726 |
| 2022 | 201073 | (51,698) | 149,375 |

(Source: Data processed by the author in 2023)

PT. Darya Vania Laboratoria Tbk experienced fluctuations in the level of EBIT and tax generated. In 2019 there was an increase due to an increase in the value of EBIT. However, in the following years, in 2020 and 2021, NOPAT continued to decline. This is due to the decrease in EBIT rate and increase in corporate tax. In 2022 the NOPAT value will increase, the resulting NOPAT level can be caused by a decrease in sales and a greater increase in tax value compared to the increase in EBIT.

1.2 Calculation Results *Capital Charges (CC)*

PT. Sido Muncul Tbk (SIDO)

Table 13 Capital Charges (CC) of PT. Sido Muncul Tbk 2018-2022.

| Year | Invested Capital (In million rupiah) | WACC (%) | Capital Charges (In million rupiah) |
|------|---|-------------|--|
| 2018 | 2,969,248 | 19,8 | 587,911 |
| 2019 | 3,120,687 | 22,9 | 714,637 |
| 2020 | 3,289,473 | 24,2 | 796,052 |
| 2021 | 3,525,600 | 31,1 | 1,096,462 |
| 2022 | 3,540,394 | 27,1 | 959,447 |

(Source: Data processed by the author in 2023)

Based on data from some of the tables above, it can be seen that the Capital Charge (CC) value of PT. Sido Muncul Tbk experienced an increase during the 2018-2021 period to reach IDR 1,096,462. This increase was due to the levels of Invested Capital and WACC which increased every year. But in 2022 . PT. Sido Muncul Tbk experienced a decrease in the Capital Charge (CC) level due to a decrease in the WACC level generated by the company.

ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

Sayyed Muhammad Fikri Assagaf, Anwar, Andi Mustika Amin, Anwar Ramli, Hety Budiyanti

PT. Pyridam Farma Tbk (PYFA)

Table 14 Capital Charges (CC) of PT. Pyridam Farma Tbk 2018-2022.

| Year | Invested Capital (In million rupiah) | WACC (%) | Capital Charges (In million rupiah) |
|------|---|-------------|--|
| 2018 | 153,916 | 5,34 | 8,219 |
| 2019 | 163,588 | 5,8 | 9,488 |
| 2020 | 183,827 | 10.5 | 19,302 |
| 2021 | 554,383 | 0.84 | 4,657 |
| 2022 | 1,223,180 | 18.25 | 223,230 |

(Source: Data processed by the author in 2023)

Based on the table above, it can be seen the level of Capital Charge (CC) of PT. Pyridam Farma Tbk has fluctuated, in the 2018-2020 period it has increased, this is due to an increase in Invested Capital every year and a WACC value of up to 10.5%. But in 2021 it has decreased to IDR 4,657,000,000. This decrease is the impact of the reduced WACC value reaching 0.84%. In 2022 it again resulted in an increase in Capital Charge (CC) to IDR 223,230,000,000 due to the rapid increase in Invested Capital and WACC.

PT. Kalbe Farma Tbk (KLBF)

Table 15 Capital Charges (CC) of PT. Kalbe Farma Tbk 2018-2022.

| Year | Invested Capital (In million rupiah) | WACC (%) | Capital Charges (In million rupiah) |
|------|---|-------------|--|
| 2018 | 15,860,039 | 13,6 | 2,156,965 |
| 2019 | 17,687,618 | 12,7 | 2,246,327 |
| 2020 | 19,388,074 | 12.71 | 2,462,285 |
| 2021 | 22,131,979 | 12,8 | 2,832,893 |
| 2022 | 22,810,275 | 12.81 | 2,921,996 |

(Source: Data processed by the author in 2023)

Based on data from some of the tables above, it can be seen that the Capital Charge (CC) value of PT. Kalbe Farma Tbk continued to increase during the 2018-2022 period to reach IDR 2,921,996,000,000. Even though the WACC level had decreased in 2019 to 12.7%, the following year 2020-2022 PT. Kalbe Farma Tbk is able to produce an increase in WACC value so that it continues to produce an increased level of Capital Charge (CC). This increase cannot be separated from the level of Invested Capital which is so large and consistently increasing every year.

PT. Darya-Varia Laboratoria Tbk (DVLA)

Table 16 Capital Charges (CC) of PT. Darya-Varia Laboratoria Tbk 2018-2022.

| Year | Invested Capital (In million rupiah) | WACC (%) | Capital Charges (In million rupiah) |
|------|---|-------------|--|
| 2018 | 1,266,284 | 12,6 | 159,552 |
| 2019 | 1,390,516 | 12,8 | 177,986 |
| 2020 | 1,430,868 | 8,8 | 125,916 |
| 2021 | 1,490,803 | 7,6 | 113,301 |
| 2022 | 1,526,796 | 8,1 | 123,670 |

(Source: Data processed by the author in 2023)

PT. Darya-Varia Laboratoria Tbk experienced an increase in Capital Charge (CC) in 2019, but in 2020-2021 it decreased to IDR 113,301 due to a decrease in WACC and in 2022 it increased again to IDR 123,670. This is because the value of Invested Capital continues to increase every year and after the WACC has decreased in the previous year, in 2022 it will again increase. Capital Charges are the cash flow required in order to be able to replace the business risk of the capital invested by investors.

1.3 Calculation Results *Economic Value Added (EVA)*

PT. Sido Muncul Tbk (SIDO)

Table 17 Economic Value Added (EVA) PT. Sido Muncul Tbk 2018-2022.

| Year | NOPAT (In million rupiah) | Capital Charges (In million rupiah) | EVAs (In million rupiah) |
|------|------------------------------|--|-----------------------------|
| 2018 | 663,849 | 587,911 | 75,938 |
| 2019 | 807,689 | 714,637 | 93,052 |
| 2020 | 934,016 | 796,052 | 137,964 |
| 2021 | 1,260,898 | 1,096,462 | 164,436 |
| 2022 | 1,104,714 | 959,447 | 145,267 |

(Source: Data processed by the author in 2023)

Based on the table data above, it can be seen that PT. Sido Muncul Tbk from 2018 to 2021 continues to increase in value *Economic Value Added (EVA)* up to IDR 164,436,000,000. This is because the after-tax operating profit is greater than the capital invested in the company. However, in 2022 it will decrease to IDR 145,267,000,000 along with a decrease in NOPAT and Capital Charges. With a positive Economic Value Added (EVA) value, it can be said that the company's financial performance is in good condition.

PT. Pyridam Farma Tbk (PYFA)

Table 18 Economic Value Added (EVA) PT. Pyridam Farma Tbk 2018-2022.

| Year | NOPAT (In million rupiah) | Capital Charges (In million rupiah) | EVAs (In million rupiah) |
|------|------------------------------|--|-----------------------------|
| 2018 | 8,448 | 8,219 | 229 |
| 2019 | 9,342 | 9,488 | -146 |
| 2020 | 22,105 | 19,302 | 2,803 |
| 2021 | 5,479 | 4,657 | 822 |
| 2022 | 275,472 | 223,230 | 52,242 |

(Source: Data processed by the author in 2023)

Based on the data from the table above, it is known that PT. Pyridam Farma Tbk for 5 years from 2018-2022 has value *Economic Value Added (EVA)* that fluctuates. In 2018-2019 the Economic Value Added (EVA) value decreased, this was due to the value of the invested capital being greater than the after-tax operating profit generated by the company. Then it experienced an increase in 2020 of IDR 2,803,000,000 due to an increase in operating profit after tax obtained

ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

Sayyed Muhammad Fikri Assagaf, Anwar, Andi Mustika Amin, Anwar Ramli, Hety Budiyanti

by the company, in 2021 it decreased again, and in 2022 it was able to produce an increase in EVA up to IDR 52,242,000,000. This is due to the decrease and increase in after-tax operating profit in line with the invested capital. With a negative Economic Value Added (EVA) value in 2019, it can be said that at that time the company had poor performance. But in 2018, 2020 and 2021 the resulting Economic Value Added (EVA) values are positive.

PT. Kalbe Farma Tbk (KLBF)

Table 19 Economic Value Added (EVA) PT. Kalbe Farma Tbk 2018-2022.

| Year | NOPAT (In million rupiah) | Capital Charges (In million rupiah) | EVAs (In million rupiah) |
|------|------------------------------|--|-----------------------------|
| 2018 | 2,497,261 | 2,156,965 | 340,296 |
| 2019 | 2,537,601 | 2,246,327 | 291,274 |
| 2020 | 2,799,622 | 2,462,285 | 337,337 |
| 2021 | 3,232,008 | 2,832,893 | 399,115 |
| 2022 | 3,450,083 | 2,921,996 | 528,087 |

(Source: Data processed by the author in 2023)

Based on the table data above, it can be seen that PT. Kalbe Farma Tbk during 2018-2022 experienced fluctuations. In 2018 the Economic Value Added (EVA) value generated by the company was IDR 340,296,000,000, then decreased in 2019 to IDR 291,274,000,000 due to the increase in invested capital being greater than the increase in operating profit after tax. Then in 2020 the value of the Economic Value Added (EVA) of PT. Kalbe Farma Tbk increased to IDR 337,337,000,000, in 2021-2022 resulting in an increase in EVA of IDR 528,087,000,000. This is because the after-tax operating profit increases more than the capital invested in the company. With a positive Economic Value Added (EVA) value, it can be said that the company has good financial performance.

4) PT. Darya-Varia Laboratoria Tbk (DVLA).

Table 20 Economic Value Added (EVA) PT. Darya-Varia Laboratoria Tbk 2018-2022.

| Year | NOPAT (In million rupiah) | Capital Charges (In million rupiah) | EVAs (In million rupiah) |
|------|------------------------------|--|-----------------------------|
| 2018 | 200,652 | 159,552 | 41,100 |
| 2019 | 221,784 | 177,986 | 43,798 |
| 2020 | 162,073 | 125,916 | 36,157 |
| 2021 | 146,726 | 113,301 | 33,425 |
| 2022 | 149,375 | 123,670 | 25,705 |

(Source: Data processed by the author in 2023)

Based on the table data above, it can be seen that PT. Darya-Varia Laboratoria Tbk from 2018-2022 has value Economic Value Added (EVA) that fluctuates. In 2018 the value of the Economic Value Added (EVA) of PT. Darya-Varia Laboratoria Tbk amounted to IDR 41,100,000,000, then in 2019 there was an increase in the Economic Value Added (EVA) value of IDR 43,798,000,000. This

occurs because the increase in operating profit after tax is greater than the level of capital (Capital Charges). Then in 2020 to 2022 the value of EVA will decrease to IDR 25,705,000,000. This is due to a decrease in the level of after-tax operating profit in line with the invested capital. With a positive Economic Value Added (EVA) value, it can be said that the company has good financial performance.

2. Discussion

During the 2018-2022 period the management of PT. Sido Muncul Tbk, PT. Kalbe Farma Tbk, and PT. Darya Vania Laboratoria Tbk is able to create an increase in the value of the company's/capital owner's assets, so that it becomes a benchmark for investors and potential investors in making investment decisions. Even though PT. Pyridam Farma Tbk produced a negative EVA value in 2019, but was able to return to a positive EVA value from 2020 to 2022. So from the results of this analysis it can be categorized that the four Pharmaceutical Industry companies listed on the IDX have good financial performance.

Based on the analysis of previous research, it can be seen from the NOPAT aspect obtained by PT. Sido Muncul Tbk continues to experience an increase from 2018 to 2021. However, in 2022 it will experience a decline due to a decrease in sales levels so that the EBIT generated decreases. From the aspect of Capital Charges PT. Sido Muncul Tbk also continues to increase, this is due to an increase in Invested Capital in line with an increase in WACC. Then from the Economic Value Added (EVA) aspect obtained by PT. Sido Muncul Tbk has increased during the 2018-2021 period, where the NOPAT value is greater than the Capital Cost value. However, in 2022 the value of EVA will decrease along with a decrease in NOPAT and Capital Charges. Seeing from every year PT.

It is known from the NOPAT aspect of PT. Pyridam Farma Tbk experienced fluctuations where in 2021 it experienced a large decline. However, in 2022 it can generate a larger NOPAT value of up to IDR 275,472,000,000. From the aspect of Capital Changes PT. Pyridam Farma Tbk has fluctuated, in the 2018-2020 period it has increased, but in 2021 it has decreased. This is due to the low percentage of WACC and the high value of Invested Capital. In 2022 it will again produce an increase in Capital Charge (CC) caused by an increase in Invested Capital and WACC. And from the aspect of Economic Value Added (EVA) PT. Pyridam Farma Tbk experienced fluctuations, in 2019 it decreased until the EVA value was negative ($EVA < 0$). This is because the value of invested capital is greater than the after-tax operating profit generated by the company. However, increasing operating profit after tax in 2020 can increase the company's EVA value back to being positive ($EVA > 0$). And again experiencing a decrease in EVA value in 2021, but still producing a positive EVA value. This was due to the simultaneous decrease in NOPAT and Capital Charges, but the decrease in NOPAT was less than the decrease in Capital Charges. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good. However, increasing operating profit after tax in 2020 can increase the company's EVA value back to being positive ($EVA > 0$). And again experiencing a decrease in EVA value in 2021, but still producing a positive EVA value. This was due to the simultaneous decrease in NOPAT and Capital Charges, but the decrease in NOPAT was less than the decrease in Capital Charges. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating

ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

Sayyed Muhammad Fikri Assagaf, Anwar, Andi Mustika Amin, Anwar Ramli, Hety Budiyanti

profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good. However, increasing operating profit after tax in 2020 can increase the company's EVA value back to being positive (EVA > 0). And again experiencing a decrease in EVA value in 2021, but still producing a positive EVA value. This was due to the simultaneous decrease in NOPAT and Capital Charges, but the decrease in NOPAT was less than the decrease in Capital Charges. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good. And again experiencing a decrease in EVA value in 2021, but still producing a positive EVA value. This was due to the simultaneous decrease in NOPAT and Capital Charges, but the decrease in NOPAT was less than the decrease in Capital Charges. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good. And again experiencing a decrease in EVA value in 2021, but still producing a positive EVA value. This was due to the simultaneous decrease in NOPAT and Capital Charges, but the decrease in NOPAT was less than the decrease in Capital Charges. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good. In 2022 it is able to produce an increase in EVA, this is due to an increase in operating profit after tax in line with the invested capital. So that PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good.

Viewed from the NOPAT aspect of PT. Kalbe Farma Tbk has experienced an increase from 2018 to 2022. From the aspect *Capital Changes* PT. Kalbe Farma Tbk has the highest yield in 2021, this is due to an increase in the percentage of WACC and the value of Invested Capital which also increases. Finally, from the Economic Value Added (EVA) aspect obtained by PT. Kalbe Farma Tbk experienced fluctuations in the 2018-2022 period, the highest results were obtained in 2022 where the NOPAT value generated experienced a greater increase compared to the increase in Capital Charges. When viewed from year to year the EVA value obtained is always positive (EVA > 0), so it can be said that the performance of the company's management is very good.

From the NOPAT aspect, it is known that PT. Darya Vania Laboratoria Tbk fluctuates, where in 2019 it has increased. But in 2020 to 2021 it will decrease as the EBIT rate decreases. But in 2022 it is able to produce an increase in NOPAT value. This is because the EBIT level obtained from sales results also fluctuates. From aspect *Capital Changes* PT. Darya Vania Laboratoria Tbk has fluctuated, this is influenced by the fluctuating percentage of WACC. Rate of Capital Changes PT. Darya Vania Laboratoria Tbk was the highest in 2019. And in the Economic Value Added (EVA) aspect, PT. Darya Vania Laboratoria Tbk also experienced fluctuations, in 2019 it experienced an increase in the value of EVA due to an increase in operating profit after tax that was greater than the level of capital (Capital Charges). Then in 2020 to 2022 there will be a decline due to a decrease in NOPAT in line with a decrease in the level of Capital Charges. It can be seen from year to year that PT. Darya Vania Laboratoria Tbk produces a positive Economic

Value Added (EVA) value ($EVA > 0$) so that it can be said that the company's management performance is very good.

In the 2018-2022 period PT. Sido Muncul Tbk and PT. Kalbe Farma Tbk uses more of its own capital to reach above 80% compared to loan capital. So that the impact on the interest expense is less, but the tax is greater. This is in line with the theory of capital structure pioneered by Modigliani and Miller (in Sutrisno, 2017) which states that when there is a tax, changes in capital structure become relevant. This is because the interest paid serves as a tax deductible. Companies that use debt will pay less taxes than companies that do not use debt. For companies that use debt can save taxes.

CONCLUSION

Based on the results of research that has been carried out by the author using the Economic Value Added analysis method in the pharmaceutical industry listed on the Indonesia Stock Exchange during the period 2018 to 2022, it can be concluded that the value of Economic Value Added (EVA) at PT. Sido Muncul Tbk, PT. Kalbe Farma Tbk, and PT. Darya-Varia Laboratoria Tbk during the 2018-2022 period always has a positive value ($EVA > 0$) so that it can be said that management is able to create economic added value for the company. But at PT. Pyridam Farma Tbk in the period 2018 to 2022 cannot be fully said to be good because there is a negative EVA. In 2019 it was noted that the Economic Value Added (EVA) value of PT. Pyridam Farma Tbk decreased until it reached a negative value ($EVA < 0$).

The results of the analysis using the Economic Value Added (EVA) method to measure the financial performance of the Pharmaceutical Industry listed on the Indonesia Stock Exchange for the 2018-2022 period, show that PT. Kalbe Farma Tbk is in the position of the company with the best EVA value creation, in second place is PT. Sido Muncul Tbk, then PT. Darya Vania Laboratoria Tbk, and finally PT. Pyridam Farma Tbk.

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ECONOMIC VALUE ADDED (EVA) ANALYSIS TO MEASURE FINANCIAL PERFORMANCE IN THE PHARMACEUTICAL INDUSTRY LISTED ON THE INDONESIA STOCK EXCHANGE (2018-2022 PERIOD)

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