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Analysis of Financial Statements to Assess Financial Performance of Food and Beverage Industry Companies on the Indonesia Stock Exchange

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Abstract
Financial performance assessments often focus on increased sales and are typically reflected in financial statements, which detail a company's financial performance over a specific period. These reports must be analyzed to be meaningful to stakeholders, a process known as financial statement analysis that examines the relationships between various elements in the financial statements. The objective of this study is to evaluate the financial performance of PT Sentra Food Indonesia Tbk, PT Mayora Indah Tbk, and PT Indofood Sukses Makmur Tbk by analyzing their liquidity, solvency, and profitability ratios. Employing a quantitative descriptive method, the study measures these financial ratios. The findings indicate that, in terms of liquidity, the Current Ratio of PT Sentra Food Indonesia Tbk declined during the pandemic. Meanwhile, the solvency and profitability of all three companies, as measured by the debt-to-equity ratio and return on equity, showed variability from year to year. The research results highlight the impact of the pandemic on the liquidity of PT Sentra Food Indonesia Tbk and the fluctuating solvency and profitability ratios of the three companies, underscoring the importance of continuous financial monitoring. Further research could focus on a broader range of financial ratios and include more companies to provide a more comprehensive view of the industry's financial health.

Keywords: Financial Performance; Food and Beverage Industry; Indonesia Stock Exchange

Introduction

The primary goal of establishing a company is to achieve maximum profitability, yet the success of a company hinges on effective financial management (Sari & Purbowati, 2023). A company's overall progress and viability are generally gauged through its financial performance (Saputri & Giovanni, 2021). Therefore, it is essential for a company to regularly evaluate its condition and performance to stay competitive and foster business growth. Assessing a company's performance involves examining both financial and non-financial aspects (Hidayat & Dewi, 2023).

The quality of a company's performance in the financial realm can be evaluated through its periodically prepared financial statements. These statements are crucial not only for internal stakeholders but also for external parties (Cahyani et al., 2023). Analyzing financial statements is vital because they provide insights into the company's performance, enabling comparisons between the current year's results and those of previous years (He et al., 2020; Qiu et al., 2023).

This performance information is valuable for forecasting the company's ability to generate cash flow based on existing data (Caban-Garcia et al., 2020). Additionally, this information aids in assessing the company's effectiveness in utilizing additional resources (Xiang & Xu, 2024). Financial statements serve not only as an evaluation tool for the accounting department's work but also as a foundation for determining or assessing the company's financial position (Bui et al., 2023; Farshadfar et al., 2023; Guettler et al., 2024). The analysis results from these statements are crucial for stakeholders to make informed decisions.

The company's current focus is on the sale of fresh meat as well as food and beverages. Centra Food Indonesia Tbk is inseparable from a business that aims to profit through financial efficiency and effectiveness. PT Mayora Indah Tbk, or Mayora Group, is one of Indonesia's consumer products business groups, established on February 17, 1977. The company has been listed on the Jakarta Stock Exchange since July 4, 1990. Currently, the majority of its share ownership is owned by PT Unita Branindo, which is as much as 32.93% (Paseki et al., 2021).

PT Indofood Sukses Makmur Tbk, commonly known as Indofood, is a prominent manufacturer of various food and beverage products based in Jakarta, Indonesia. Founded on August 14, 1990, as PT Panganjaya Intikusuma, the company rebranded to Indofood Sukses Makmur on February 5, 1994 (Margaretha et al., 2021). Indofood exports its products to markets in Australia, Asia, and Europe. Ratio analysis is a valuable tool for assessing financial performance, offering insights into the company's development and sustainability. This analysis involves comparing specific figures from the balance sheet or income statement to other figures, enabling the evaluation of a business entity's liquidity, solvency, and profitability.

PSAK No. 1 on the Presentation of Financial Statements (revised 2015) states that financial reporting involves presenting the financial position and performance of a company. Consequently, financial statements are crucial for evaluating a company's progress. According to Bambang Riyanto (2021), financial statements provide an overview of a company's condition, with the Balance Sheet showing the value of assets, liabilities, and equity and the Income Statement detailing the profits and losses over a specific period.

The purpose of financial statements is to provide information about a company's position, performance, and changes in financial status, which aids in economic decision-making. These statements offer a periodic overview of the company's financial reporting progress. According to Kasmir (2021), the nature of financial statements is: 1) Historical, and 2) Comprehensive. The preparation of financial statements must adhere to applicable accounting principles to ensure accuracy and reliability.

According to PSAK 1 (2020), this statement outlines the requirements for the presentation of financial statements, including their structure and the minimum content requirements. Entities must apply this statement when preparing and presenting financial statements intended for public disclosure in accordance with SAK. A complete set of financial statements includes a) A statement of financial position at the end of the period; b) A statement of profit and loss and other comprehensive income for the period; c) A statement of changes in equity for the period; d) A statement of cash flows for the period; e) Notes to the financial statements.

According to Henry (2023), the types of financial reports include 1) The Balance Sheet, which provides information on the company's financial position at a specific date. 2) The Profit/Loss Statement summarizes the company's income and expenses over a specific period, concluding with the net profit or loss for that period. A company's financial condition can be assessed by analyzing financial statements to provide insights into the company's strengths and weaknesses.

Hery (2024) explains that financial statement analysis involves breaking down financial statements into their components and examining each element to gain a thorough and accurate understanding of the statements. Wibowo (2024) notes that "performance" refers to the outcomes of work efforts. Munawir also describes ratio analysis as a method to understand the relationships between specific items in the balance sheet or profit and loss statements, either individually or combined (Riesmiyantiningtias & Siagian, 2020). Prastowo adds that financial ratios illustrate the company's financial condition by identifying relationships between different headings in the financial statements.

Based on the definition of ratio analysis above, it can be concluded that ratio analysis is an analysis tool that mathematically connects the headings in the company's financial statements so that it can interpret a condition or financial situation of the company that it can help in making effective decisions related to the company's targets.

According to Fahmi (2024), financial ratios and performance are closely related. Because financial ratios are numerous, and each ratio has its own use. Financial ratios are useful for determining a company's financial health in the present and future. According to Kasmir (2021), the forms of financial ratios are as follows: 1) Liquidity Ratio. 2) Solvency ratio. 3) Profitability Ratio. The purpose of this study is to find out the financial performance of PT. Sentra Food Indonesia Tbk is based on an analysis of liquidity, solvency, and profitability ratios.

The principal objective of this research is to assess the financial performance of three leading companies in Indonesia's food and beverage sector, namely PT Sentra Food Indonesia Tbk, PT Mayora Indah Tbk, and PT Indofood Sukses Makmur Tbk. The study specifically focuses on scrutinizing their liquidity, solvency, and profitability ratios. Through this analysis, the study aims to give stakeholders, such as investors, managers, and regulators, valuable insights into these companies' financial well-being and operational effectiveness. Recognizing the importance of financial statement analysis, the study addresses several existing research gaps. Firstly, it aims to fill the void in comprehensive studies specifically targeting food and beverage industry players listed on the Indonesia Stock Exchange.

Secondly, it seeks to delve deeper into the unique financial characteristics of the sector, which may not have been adequately explored in previous research. The study aims to provide updated insights, especially considering the industry's dynamic nature, particularly in light of the COVID-19 pandemic. Lastly, it aims to offer a comparative analysis of multiple companies within the same industry, facilitating benchmarking and trend identification. By conducting a detailed examination of liquidity, solvency, and profitability ratios, this research contributes significantly to understanding financial performance evaluation within the Indonesian food and beverage industry.

The objectives of this research are to evaluate the financial performance of three prominent companies in Indonesia's food and beverage sector: PT Sentra Food Indonesia Tbk, PT Mayora Indah Tbk, and PT Indofood Sukses Makmur Tbk. This evaluation focuses on analyzing their liquidity, solvency, and profitability ratios. The benefits of this research include providing stakeholders—such as investors, managers, and regulators—with critical insights into these companies' financial health and operational efficiency. By addressing gaps in existing studies, particularly those focused on the food and beverage industry listed on the Indonesia Stock Exchange, this research offers updated and comprehensive insights, especially considering the dynamic nature of the industry and the impact of the COVID-19 pandemic. The implications of this study extend to facilitating benchmarking and trend identification, thus contributing significantly to the broader understanding of financial performance evaluation within this sector.

Research Methods

The research conducted adopts a descriptive approach with a quantitative orientation. As defined by Mohajan (2020), quantitative data encompasses numerical data that can be quantified. In this study, quantitative data are derived from the financial statements of PT Sentra Food Indonesia Tbk, PT Mayora Indah Tbk, and PT Indofood Sukses Makmur Tbk spanning the years 2020 to 2022. These financial statements serve as the foundation for assessing Liquidity, Solvency, and Profitability Ratios, crucial metrics for evaluating the financial performance of food and beverage companies listed on the Indonesia Stock Exchange (IDX).

The study relies on secondary data obtained from the Indonesia Stock Exchange (IDX) website, specifically focusing on the financial disclosures of the aforementioned companies during the specified period. Employing a quantitative descriptive method, the analysis involves collecting, processing, and interpreting this secondary data to offer a comprehensive understanding of the financial condition under examination through numerical representations. Through quantitative analysis techniques, including various financial ratios such as liquidity, solvency, and profitability ratios, the study aims to provide a detailed assessment of the financial performance of the targeted companies within the food and beverage industry.

Results and Discussion

Liquidity ratio is the ability of a company to meet its short-term obligations. The ratio used to measure the liquidity of companies in this study is the current ratio:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Debt} \text{ x } 100\%$$

Table 1. Current Debt and Current Assets

Company	Current Debt			Current Assets		
	2020	2021	2022	2020	2021	2022
PT. Sentra Food Indonesia Tbk	40,180,201,199	50,340,517,198	49,827,290,693	30,018,199,981	28,220,720,064	27,248,456,331
PT. Mayora Indah Tbk	3,559,336,027,729	5,770,773,468,770	5,636,627,301,308	12,838,729,162,094	12,969,783,874,643	14,772,623,976,128
PT. Indofood Sukses Makmur Tbk	27,975,875	40,403,404	30,725,942	38,418,238	54,183,399	54,876,668

Source: Data that has been processed

Table 2 above can be seen that 2 companies experienced an increase in current assets, namely PT. Mayora Indah Tbk and PT Indofood Sukses Makmur. Companies that did not experience an increase in assets, namely PT. Sentra Food Indonesia Tbk.

Table 2. Current Ratio Calculation

Perusahaan	Current Ratio			Rata-rata
	2020	2021	2022	
PT. Sentra Food Indonesia Tbk	0.74	0.56	0.54	0.61
PT. Mayora Indah Tbk	3.6	2.32	2.62	2.85
PT. Indofood Sukses Makmur Tbk	1.37	1.34	1.78	1.50

Source: Data that has been processed

The examination of the current ratio across the three companies reveals that PT Mayora Indah Tbk boasts the highest average score, standing at 2.85. This indicates that PT Mayora Indah Tbk demonstrates superior capability in meeting its short-term obligations compared to the other companies under scrutiny.

The solvency ratio, also known as the debt-equity ratio, serves as an indicator of the extent to which a company relies on debt for its financing.

$$\textit{Debt Equity Ratio} = \frac{\textit{Debt Total}}{\textit{Total Capital}} \times 100\%$$

Table 3. Equity and Total Debt

Company	**Equity**			**Total Debt**		
	2020	2021	2022	2020	2021	2022
PT. Sentra Food Indonesia Tbk	56,241,516,258	43,740,688,728	41,655,447,592	56,950,719,933	62,754,664,235	60,641,748,902
PT. Mayora Indah Tbk	11,271,468,049,958	11,360,031,396,135	12,834,694,090,515	8,506,032,464,592	8,557,621,869,393	9,441,466,604,896
PT. Indofood Sukses Makmur Tbk	79,138,044	86,632,111	93,623,038	83,998,472	92,724,082	86,810,262

Source: Data that has been processed

In table 4, it can be seen that only PT. Sentra Food Indonesia Tbk which experienced a decrease in equity. The equity of the other two companies increased.

Table 4. Calculation of Debt to Equity Ratio

Company	***Debt to Equity Ratio***			**Rata-Rata**
	2020	**2021**	**2022**	
PT. Sentra Food Indonesia Tbk	1.01	1.43	1.45	1.30
PT. Mayora Indah Tbk	0.75	0.75	0.73	0.74
PT. Indofood Sukses Makmur Tbk	1.06	1.07	0.92	1.02

Source: Data that has been processed

Across the years 2020 to 2022, PT Sentra Food Indonesia Tbk exhibits the highest average total debt to equity ratio among its competitors, standing at 1.30. This signifies the company's preference for external capital sources in its operational financing strategy, rather than relying primarily on internal capital. Regarding profitability ratios, one crucial metric utilized is the Return on Equity (ROE).

$$\textit{Return On Equity} = \frac{\textit{Net Profit After Tax}}{\textit{Equity Total}} \times 100\%$$

Table 5. Equity and Net Profit After Tax

Company	**Equity**			**Net Profit After Tax**		
	2020	2021	2022	2020	2021	2022

PT. Sentra Food Indonesia Tbk	56,241,516,258	43,740,688,728	41,655,447,592	17,810,103,616	12,500,827,530	22,085,241,136
PT. Mayora Indah Tbk	11,271,468,049,958	11,360,031,396,135	12,834,694,090,515	2,044,604,013,957	1,295,324,731,877	2,007,764,201,105
PT. Indofood Sukses Makmur Tbk	79,138,044	86,632,111	93,623,038	9,241,113	11,965,911	10,853,116

Source: Data that has been processed

Table 6 reveals fluctuations in the net profits of the three companies. PT Sentra Food Indonesia Tbk and PT Mayora Indah Tbk witnessed declines in 2021 followed by increases in 2022. Conversely, PT Indofood Sukses Makmur Tbk experienced an increase in net profit in 2021 followed by a decrease in 2022.

Table 7 Calculation of Return On Equity

Perusahaan	Return On Equity			Rata-rata
	2020	2021	2022	
PT. Sentra Food Indonesia Tbk	0.31	0.28	0.53	0.37
PT. Mayora Indah Tbk	0.18	0.11	0.15	0.15
PT. Indofood Sukses Makmur Tbk	0.11	0.13	0.11	0.12

Source: Data that has been processed

Over the period from 2020 to 2022, PT Sentra Food Indonesia Tbk demonstrates the highest average Return on Equity (ROE) among its competitors, standing at 0.37. This indicates superior efficiency in the utilization of the company's own capital by its management.

Conclusion

Based on the analysis of financial statements obtained from food and beverage sector companies listed on the Indonesia Stock Exchange for the years 2020 to 2022, utilizing financial ratios, several conclusions can be drawn. Firstly, concerning liquidity, there was a decline in performance during the pandemic, particularly evident in PT Indonesian Food Center, as indicated by the Current Ratio. Secondly, in terms of solvency and profitability, both the debt-to-equity ratio and return on equity of the three companies tend to exhibit fluctuations from year to year.

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