

An analysis of business and financial performance of PT Industri Jamu dan Farmasi Sido Muncul Tbk in 2019-2021

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Abstract

This study aimed to determine the business conditions and financial performance of the Pharmaceutical Industry and Jamu Industry in Indonesia which were listed on the IDX, especially *PT Industri Jamu dan Farmasi Sido Muncul Tbk* (Sido Muncul) during the period 2019 to 2021. The data used in this research was obtained from various sources, including the complete annual reports of pharmaceutical companies listed on the IDX for the 2019-2021 period. Financial data obtained from www.idx.co.id and the company's official website. The Palepu model (2004) was used to analyze the business and financial performance of the Pharmaceutical Industry, *Jamu* Industry, and *PT Sido Muncul* during the period 2019 to 2021. The results of this study showed that there was high competition between companies (rivalry among existing firms), both within the Pharmaceutical Industry and *Jamu* Industry in Indonesia. This can be seen from data from the Ministry of Health in 2021 that the number of pharmaceutical and *jamu* industries has increased from year to year. In addition, the high percentage of profits made the pharmaceutical and *jamu* industry very attractive to illegal producers. *PT Sido Muncul* was able to face business competition with a qualified differentiation strategy as a corporate strategy. All company progress was explained in detail in the annual financial reports, especially in the notes to the financial statements and there were no red-flags or significant differences or deviations. Based on the ratio analysis, it showed that the Pharmaceutical and *Sido Muncul* Industries were in a liquid and solvable state, and the effectiveness and productivity of the Pharmaceutical and *Sido Muncul* Industries in managing company assets increased so that the profit earned also increased. In addition, *Sido Muncul*'s high Return on Investment value indicated the company's ability to create returns on investment that were used for very effective operations. *Sido Muncul* was in a healthy condition and was not bankrupt as seen from the results of calculations using the Altman Z-Score method.

Keywords: financial performance, business analysis, accounting analysis, financial analysis, prospective analysis

INTRODUCTION

The first case of COVID-19 appeared in Indonesia on March 2 2020 (Retaduari, 2022). As a result of this spread, the Indonesian government implemented a Large-Scale Social Restrictions (PSBB) policy that limited people's movements (Fauzi, 2020). These social restrictions and community mobility have had various impacts. Some of the negative impacts are declining investment figures, weakening people's purchasing power, weakening the economy, and shifting business patterns.

Even though it tends to have a negative impact, there are other sides that are not affected and also change people's consumption patterns. The PWC survey on "Consumer Insights Survey 2020: An Indonesian Perspective" explained that after the Covid-19 pandemic, the consumption patterns of Indonesian people have changed. Health products are one of the highest expenses for Indonesian consumers at 77% as the first priority, followed by products for daily necessities, entertainment media, food delivery and gardening (PWC, 2020).

Information from financial reports is useful for financial management in making fiscal decisions. Financial reports are assessed by analyzing the financial statements. This analysis is used to find out whether the company's financial statements are still in good condition. Thus, financial reports become media that contain the contents of the company's financial performance, then financial analysis acts as a process that examines the financial performance.

Several studies have attempted to test the financial performance of pharmaceutical companies during the Covid-19 pandemic, such as (Hastuti, 2021) stating that based on the results of the liquidity ratio, PT Sido Muncul were the most liquid. For the results of the analysis of the solvency ratio, PT Sido Muncul occupied the best position. Based on the results of the analysis of profitability ratios, PT Pyridam Farma Tbk and PT Sido Muncul occupied the best position compared to other companies.

PT Sido Muncul is one of the companies that was able to make a profit during the Covid-19 pandemic. This company is engaged in the consumer goods industry in the pharmaceutical sub-sector. During the pandemic, their products were wholesale by buyers. Looking at the growth in income of pharmaceutical issuers listed on the Indonesia Stock Exchange, PT Sido Muncul took the lead with revenues increasing by 80.68% from IDR 2.23 trillion to IDR 4.02 trillion (Arma & Ramdani, 2022).

Considering the importance of analyzing the company's financial condition as information for investors to see prospects, developments, weaknesses, strengths, and investment guarantees, this study aimed to analyze the financial performance of PT Sido Muncul with the title "An Analysis of Business and Financial Performance of PT Sido Muncul in 2019-2021".

In order to see whether the financial performance of Indonesian Pharmaceutical Companies in managing their companies with very good performance in the last three years by using the four key steps: business strategy analysis, accounting analysis, financial analysis, and prospective analysis (Palepu et al., 2004)

Palepu model is a simple idea but very useful to basic framework for business analysis and valuation using financial statements data. The four steps for business analysis would help outside analysts to gain valuable insights about the company's current performance and future prospects. In this study, business strategy analysis is used to identify key profit drivers and business risks, and also to assess the company's profit potential at a qualitative level. In accounting analysis, the researcher would identify where there is accounting flexibility and evaluating the appropriateness of the company's accounting policies and estimates. Furthermore, in financial analysis, the researcher would evaluate current and past performance of the company and to assess its sustainability by using several ratio analysis. Last, Prospective analysis, the researcher would focus on forecasting the company's future.

LITERATURE REVIEW

Literature Review

Financial Statement Analysis

Financial statement analysis is a process that is full of consideration in order to help evaluate the financial position and results of operations of the company in the present and the past with the main objective to determine the most likely estimates and predictions regarding the condition of the company's performance in the future (Prastowo & Rifka, 2011).

Business Strategy Analysis

Business strategy analysis is to identify key profit drivers and business risks, and to assess the company's profit potential at a qualitative level. Business strategy analysis involved analyzing a company's industry and its strategy to create a sustainable competitive advantage. Therefore, business strategy analysis is to generate performance expectations through industry analysis and competitive strategy analysis.

1. Industry Analysis

One of the most famous models ever developed for industry analysis known as Porter's 5 Forces, was introduced by Michael Porter in his book 1980 "Competitive Strategy: Techniques for Analyzing Industries and Competitors."

- a. Rivalry among existing firms
- b. Threat of new entrants
- c. Threat of substitute power
- d. Bargaining power of buyer
- e. Bargaining power of suppliers

2. Competitive Strategy Analysis

A competitive strategy analysis is a strategy that involved researching major competition to gain insight into their products, sales, and marketing tactics.

Accounting Analysis

Accounting analysis is a process of evaluating the extent to which a company's accounting reflects economic reality (Subramanyam, 2014). The process is through looking at a company's transactions and events, assessing the effects of its accounting policies on financial statements, and adjusting the statements to both better reflect the underlying economics and make them more amenable to analysis.

Financial Analysis

Financial analysis is the use of financial statements to analyze a company's financial position and performance, and to assess future financial performance (Subramanyam, 2014). Financial analysis aimed to find out estimates in terms of funding and cash flow. Therefore, it can be seen whether or not the business is being run.

1. Trend Analysis
2. Common Size Analysis
3. Ratio Analysis
4. Du Pont System Analysis

Prospective Analysis

Prospective analysis is the forecasting of future payoffs-typically earnings, cash flows, or both (Subramanyam, 2014). One form of analysis is in the form of preparing projections for the company's financial statements which require assumptions that become the basis for estimating the value of each component in the financial statements. These assumptions can come from the trend of the company's performance in previous years, the strategy to be taken by the company or macroeconomic developments.

1. Bankruptcy Prediction

Altman, with a combination of these five ratios, presents the pattern that he thinks is the best. Altman was successful in predicting company bankruptcy by using multiple discriminant analysis with an accuracy rate of up to 95% (Anugrah, 2019). Based on several studies that have been conducted by Altman, it can be concluded that there are 5 financial ratios to predict financial distress in manufacturing industrial companies with the Modified Altman Z-Score equation as follows:

$$Z''=6.56(X1)+3.26(X2)+6.72(X3)+1.05(X4)$$

With,

X1=Working Capital/Total Assets

X2=Retained Earnings/Total Assets

X3=Earnings Before Interest and Tax/Total Assets

X4=Total Equity/Total Liabilities

Z''=Index

With the discriminant zone as follows:

If $Z > 2.60$ =healthy company

If $1.10 < Z < 2.60$ =company in gray area

If $Z < 1.10$ =the company has the potential to go bankrupt

The gray area is where the condition of the company cannot be determined, whether the company will go bankrupt or not.

GENERAL DESCRIPTION OF THE PHARMACEUTICAL INDUSTRY AND THE COMPANY

Indonesian Pharmaceutical Industry

Pharmaceutical sector companies are the fourth largest non-oil and gas manufacturing industry contributing to the economy in Indonesia. In 2020, the Health Sector is needed and is a primary need. According to the Minister of Investment, Bahlil Lahadalia and the Minister of Trade, Muhammad Lutfi, many foreign investors are interested in investing in the Indonesian pharmaceutical sector because they see this growth potential (Fitra, 2021).

The following is a list of Indonesian Pharmaceutical Industry names that would be analyzed in this study:

Table 1. The List of Indonesian Pharmaceutical Industry

Entity Code	Entity Name
DVLA	Darya-Varia Laboratoria Tbk
MERK	PT Merck Tbk
INAF	PT Indofarma Tbk
KAEF	PT Kimia Farma Tbk
KLBF	PT Kalbe Farma Tbk
PYFA	PT Pyridam Farma Tbk
PEHA	PT Phapros Tbk
SCPI	PT Organon Pharma Indonesia Tbk
SIDO	PT Industri Jamu dan Farmasi Sido Muncul Tbk
SDPC	PT Millenium Pharmacon International Tbk
TSPC	PT Tempo Scan Pacific Tbk

Indonesian Jamu Industry

Currently there are more than 1,200 herbal medicine industry players. Of that number, around 69 business actors are included in the category of the traditional herbal medicine industry (Hana, 2020). Well-known herbal medicine brands in Indonesia are Jamu Djago, Air Mancur, Nyonya Meneer and Sido Muncul. While the types of herbal medicine that are best-selling are *beras kencur* herbal medicine, curcuma, slimming herbal medicine, and strong herbal medicine for men.

PT Sido Muncul is the best herbal medicine brand in Indonesia whose name is well-known to several European and Asian countries. Herbal medicine products produced by Sido Muncul still exist today where one of the most familiar ones is 'Tolak Angin'. The choice of quality ingredients and the right composition has made the 'Tolak Angin' herbal medicine popular with the public and continues to be popular.

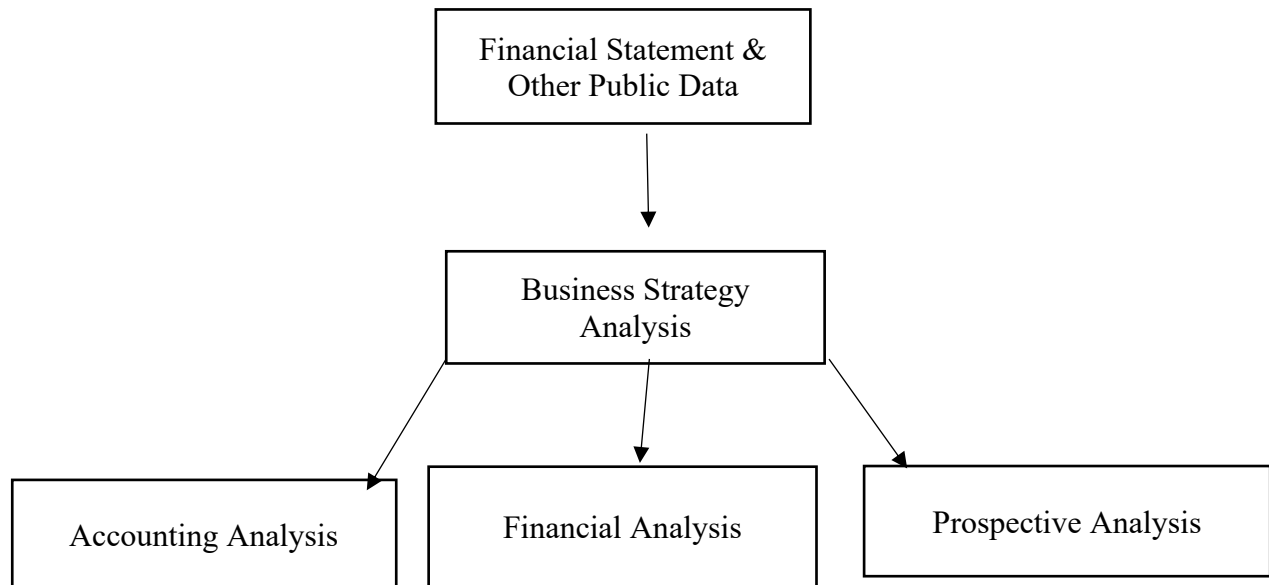
Overview PT Industri Jamu dan Farmasi Sido Muncul Tbk

PT Sido Muncul is a company that located in Semarang Regency which is engaged in the field of herbal medicine and pharmacy industry. This company was first founded by Mrs. Rakhmat Sulistio, which was the beginning of this company which was a small business that was engaged in herbal ingredients in Yogyakarta in 1940.

PT Sido Muncul is the first herbal medicine company in Indonesia, so that its role can produce quality products and remain the leader of the largest traditional herbal medicine market. At present many people who turn to traditional medicines cause demand for herbal products to continue to increase, so it is not surprising that currently many competitors are trying to establish traditional medicinal companies. In dealing with industrial competition, PT Sido Muncul needs to know the competitiveness of the Sido Muncul product brand through the brand equity that is still not owned. In this way the company can maintain and improve the image of the products produced by Sido Muncul products which will be made various efforts and marketing strategies from Sido Muncul products.

Conceptual Framework

Figure 1. Research Framework



METHODS

Research Design

This research used a qualitative method. Perreault and (Perreault & McCarthy, 2006) defined qualitative research as a type of research that sought to dig up information in depth, and is open to all responses and not just yes or no answers

Sources of Data

The data used in this study is secondary data in the form of financial reports for the healthcare sector industry which are registered and listed on the Indonesia Stock Exchange in 2019-2021 so that the data sources used in this research were obtained from www.idx.co.id and the company's official website.

Data Analysis

In this study the data analysis techniques used are:

- 1) Business Strategy Analysis
 - a) Industry Analysis
 - Rivalry among existing firms
 - Threat of new entrants
 - Threat of substitute power
 - Bargaining power of suppliers
 - Bargaining power of buyer
 - b) Competitive Strategy Analysis
 - Cost Leadership
 - Differentiation
- 2) Accounting Analysis
 - Identify key accounting policies
 - Assess accounting flexibility
 - Evaluate accounting strategy
 - Evaluate the quality of disclosure
 - Identify potential red flags
 - Undo accounting distortions

3) Financial Analysis

a) Trend Analysis

$$\text{Index number} = \frac{\text{Current year amount}}{\text{Base year amount}} \times 100\%$$

b) Common Size Analysis

$$\text{Statement of financial position} = \frac{\text{Asset component}}{\text{total asset}} \times 100\%$$

$$\text{Statement of profit or loss} = \frac{\text{Components of profit or loss}}{\text{total sales}} \times 100\%$$

c) Ratio Analysis

(1) Liquidity Ratio

- Current ratio = Current Assets/Current Liabilities
- Quick ratio = (Current Assets - Inventory)/Current Liabilities
- Cash Ratio = Cash and Cash Equivalent/Current Liabilities

(2) Solvability Ratio

- Debt to asset = Total Debts/Total Assets
- Debt to equity = Total Debt/Total Equity

(3) Activity Ratio

- Total Asset Turnover = Sales/Total Assets
- Receivable Days = Account Receivable/Sales x365 Days
- Payable Days = Account Payable/Cost of Sales x365 Days

(4) Profitability Ratios

- Return on assets = Net Income/Total Assets
- Return on equity = Net Income/Total Equity
- Gross Profit Margin = Gross Profit/Sales
- Net Profit Margin = Net Profit/Sales

(5) Market Ratios

- Earnings Per Share (Rp) = $\frac{\text{Net Income After Tax}}{\text{Number of Shares}}$
- Price Earnings Ratio = $\frac{\text{Share Price}}{\text{Earnings per Share}}$

d) Du Pont System Analysis

- Total Asset Turnover (TATO) = Sales/Total Assets
- Net Profit Margin (NPM) = Net Profit/Sales
- Return on Investment (ROI) = TATO x NPM
- Equity Multiplier (EM) = Total Assets/Total Equity
- Return on Equity (ROE) = TATO x NPM x EM

4) Prospective Analysis

a) Bankruptcy prediction

The Modified Altman Z-Score equation as followed:

$$Z'' = 6.56(X1) + 3.26(X2) + 6.72(X3) + 1.05(X4)$$

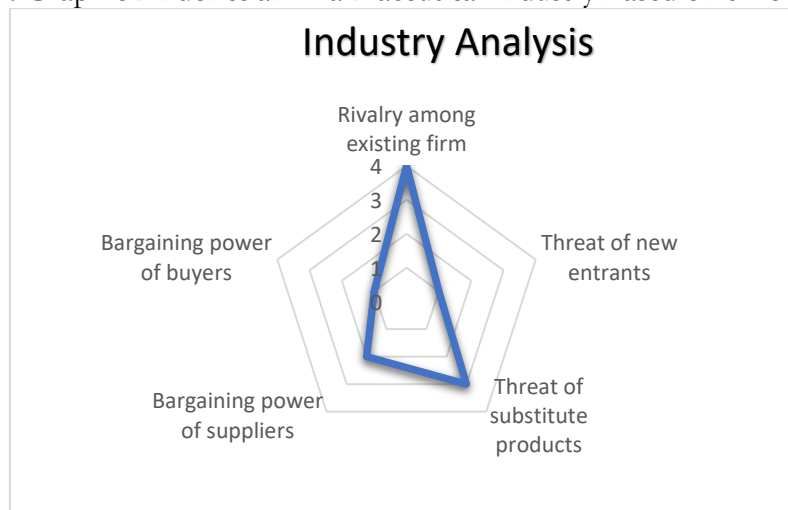
RESULTS AND DISCUSSIONS

Business Analysis

1. Industry Analysis

Analysis of the five porter forces strategy was a tool used to analyze the situation of a business that was being run and could determine the advantages of current and future competitive positions. Thus, companies could increase strengths, anticipate weaknesses, and avoid companies in making wrong decisions.

The following figure was a graph showing industry analysis of Indonesian Pharmaceutical Industry based on 5 porter forces:

Figure 2. Graph of Indonesian Pharmaceutical Industry Based on 5 Porter Forces

Based on the results, it showed that the Indonesian pharmaceutical industry had high rivalry among existing firms due to the industry growth rate indicator, in which people's need for medicines continues to increase along with increasing population growth. Meanwhile, the threat of new entrants tended to be lower because entering the pharmaceutical industry requires high investment costs and complicated licensing. Besides that, the threat of substitute product could be categorized as high because there were many product substitutes for medicine such as illegal drugs at lower prices. Bargaining power of suppliers was also high because the need for raw materials for chemical drugs or natural mixtures had no substitutes in the country and would certainly affect competition and also costs that would be incurred by the industry. Lastly, the bargaining power of buyers was low because there were no alternatives available on the market and some industries were oriented towards product quality.

2. Competitive Strategy Analysis

In the herbal medicine industry in Indonesia, PT Sido Muncul acts as a market leader because its products had superior quality, price and distribution were able to compete with the products of its competitors. Sido Muncul has emerged so far as a herbal medicine and supplement drink industry by producing more than 300 types of herbs and herbal medicines, including *Tolak Angin*, *Kuku Bima*, Ginseng Coffee, Ginger Coffee, Turmeric Tamarind, *Jamu Komplit* and others. Sido Muncul appeared to develop other products because he believed that their market potential was still large, such as instant noodle products, health candy in liquid form. Another innovation from Sido Muncul was the diversification of the herbal preparations it produces. Among them were as follows: powder, instant, complete (powder and instant), liquid, capsule, tablet, and candy.

PT Sido Muncul appeared to be able to achieve differentiation from products and services produced by way of fast and quality product innovation. This strategy generated growth through acquisitions that were in the same line of business and gave the company access to new markets and technologies.

Accounting Analysis

1. Identify key accounting policies

The adoption of the new and revised standards and interpretations did not result in major changes to Sido Muncul's accounting policies and had no material impact on the amounts reported for the current or previous financial years.

2. Assess accounting flexibility

In choosing key accounting policies and estimates of PT Sido Muncul managers have flexibility then the accounting numbers have the potential to be informative.

3. Evaluate accounting strategy

PT Sido Muncul managers have flexibility. Therefore, they could use it to communicate their company's economic situation.

4. Evaluate the quality of disclosure

In 2019, PT Sido Muncul improved and restructured the company's website, especially in the old Investor Relations and built the PT Semarang Herbal Indo Plant website with the address <http://semarangherbal.co.id/> to increase access to information disclosure.

5. Identify potential red flags

PT Sido Muncul did not have potential red flags.

6. Undo accounting distortions

The result of accounting analysis of PT Sido Muncul showed that there was nothing suspicious and there were no red-flags or significant differences or deviations, so there was no need to undo the distortion using outside information above. All company progress was explained in detail in the annual report section, especially in notes to financial statements.

Financial Analysis**1. Trend Analysis****a. Company Performance Prediction Based on Statement of Financial Position**

The following was a comparison made to the analysis of financial statements for the period 2019 to 2021:

Table 2. Percentage Calculation of Trend analysis technique Statement of Financial Position

PT Industri Jamu dan Farmasi Sido Muncul Tbk				
Statement of Financial Position				
Per 31 December				
	2018	2019	2020	2021
Assets				
Current Assets				
Cash and Cash Equivalents	100.00%	107.32%	128.06%	134.30%
Trade Receivables				
Trade receivables third parties	100.00%	117.25%	129.27%	162.40%
Trade receivables related parties	100.00%	144.36%	203.60%	161.54%
Other receivables				
Other receivables third parties	100.00%	129.46%	65.41%	50.98%
Current Inventories				
Current Inventories	100.00%	96.16%	99.45%	146.15%
Current prepaid expenses	100.00%	103.85%		
Current advances				
Other current advances	100.00%	226.68%	148.75%	187.08%
Current prepaid taxes	-			
Total current assets	100.00%	111.18%	132.94%	145.42%
Non-Current Assets				
Non-Current advances				
Non-current advances on purchase of PPE	100.00%	122.77%	33.07%	99.44%
Deferred tax assets	100.00%	87.61%	100.95%	100.41%
PPE	100.00%	102.56%	100.96%	102.24%
Goodwill	100.00%	100.00%	100.00%	100.00%
Other Non-current non-financial assets	100.00%	89.10%	94.96%	93.98%
Total non-current assets	100.00%	101.48%	100.19%	101.69%
Total Assets	100.00%	105.97%	115.34%	121.91%
Liabilities and equities				
Liabilities				
Current liabilities				
Trade payables				
Trade payables third parties	100.00%	88.91%	114.39%	109.71%
Trade payables related parties	100.00%	56.28%	96.24%	62.71%
Other payables				

Other payables third parties	100.00%	147.84%	133.71%	162.99%
Other payables related parties	100.00%	289.19%	294.59%	216.22%
Current accrued expenses	100.00%	138.85%	175.39%	159.00%
Taxes payable	100.00%	131.76%	190.24%	220.55%
Current unearned revenue	100.00%	73.58%	65.87%	40.31%
Current maturities of long-term liabilities				
Current maturities of finance lease liabilities	-			
Other current non-financial liabilities	100.00%	660.87%	1198.12%	660.87%
Total Current Liabilities	100.00%	112.98%	152.03%	147.50%
Non-Current liabilities				
Deferred tax liabilities	100.00%	124.52%	83.49%	134.59%
Long-term liabilities net of current maturities				
Long-term finance lease liabilities	-			
Long-term post-employment benefit obligations	100.00%	76.36%	97.56%	67.42%
Total non-current liabilities	100.00%	84.01%	101.65%	81.66%
Total liabilities	100.00%	108.55%	144.31%	137.42%
Equity				
Equity attributable to equity owners of parent entity				
Common Stocks	100.00%	100.00%	100.00%	100.00%
Additional paid-in capital	100.00%	100.00%	100.12%	91.86%
Treasury stocks	100.00%	100.00%	99.35%	1.95%
Retained earnings (deficit)				
Appropriated retained earnings	100.00%	100.00%	100.00%	100.00%
Unappropriated retained earnings	100.00%	137.48%	173.50%	231.34%
Total equity attributable to equity owners of parent entity	100.00%	105.58%	110.99%	119.59%
Non-controlling interests	100.00%	100.00%	100.00%	100.00%
Total Equity	100.00%	105.58%	110.99%	119.59%
Total liabilities and equity	100.00%	105.97%	115.34%	121.91%

In 2021 it had a higher cash account level compared to 2020 and 2019. At a high inventory level in 2021 because in 2019 and 2020 it had a poor inventory turnover. Judging from the non-current assets, 2020 had a weak value compared to 2019 and 2021, which have a high average non-current asset value. On the liability side, 2020 had a fairly high value if management was unable to pay off its debts, this could reduce the confidence of creditors to lend loans.

b. Company Performance Prediction Based on Statement of Profit or Loss

The following was the result of calculating the percentages in the Statement of Profit or Loss for the period 2019 – 2021:

Table 3. Percentage Calculation of Trend Analysis Statement of Profit or Loss

PT Industri Jamu dan Farmasi Sido Muncul Tbk				
Statement of Profit or Loss				
Per 31 December				
	2018	2019	2020	2021
Sales and revenue	100.00%	111.01%	120.70%	145.51%
Cost of sales and revenue	100.00%	103.58%	111.78%	129.58%
Total gross profit	100.00%	117.98%	129.09%	160.49%
Selling expenses	100.00%	113.83%	118.91%	134.39%
General and administrative expenses	100.00%	94.56%	98.99%	83.65%

Finance income	100.00%	113.97%	112.37%	85.69%
Finance costs	100.00%	109.22%	370.21%	611.35%
Other income	100.00%	79.10%	55.39%	124.92%
Other expenses	100.00%	1233.16%	767.55%	868.26%
Total profit (loss) before tax	100.00%	123.74%	138.22%	185.89%
Tax benefit (expenses)	100.00%	130.47%	130.17%	172.72%
Total profit (loss) from continuing operations	100.00%	121.67%	142.05%	189.94%
Total profit (loss)	100.00%	121.67%	142.05%	189.94%
Total other comprehensive income, after tax	100.00%	175.04%	133.89%	231.53%
Total comprehensive income	100.00%	121.41%	140.73%	191.97%

The sales account for 2021 had a higher amount compared to 2019 and 2020, which meant that 2021 had succeeded in marketing its products well. The gross profit for 2021 had a high value, this was because in 2019 and 2020 the cost of sales and revenue was lower than in 2021. Therefore, the level of gross profit was higher. Examples of accounts that could be minimized were general and administrative expenses. Viewed as a whole, the results of the best performance prediction were owned in 2021 because it was able to increase revenue and control operating expenses, so that the net profit of the business could be predicted to increase every year.

2. Common Size Analysis

The following was the result of calculating the percentage in the statement of financial position of PT Sido Muncul for 2019-2021 using the common size analysis technique:

Table 4. Percentage Calculation with the Common Size Technique Statement of Financial Position

PT Industri Jamu dan Farmasi Sido Muncul Tbk			
Statement of Financial Position			
Per 31 December			
	2019	2020	2021
Assets			
Current Assets			
Cash and Cash Equivalents	24.45%	26.81%	26.60%
Trade Receivables			
Trade receivables third parties	7.61%	7.71%	9.17%
Trade receivables related parties	7.35%	9.53%	7.15%
Other receivables			
Other receivables third parties	0.22%	0.10%	0.07%
Current Inventories			
Current Inventories	8.46%	8.04%	11.18%
Current prepaid expenses	0.26%		
Current advances			
Other current advances	0.12%	0.07%	0.08%
Current prepaid taxes			
Total current assets	48.52%	53.31%	55.17%
Non-Current Assets			
Non-Current advances			
Non-current advances on purchase of PPE	0.42%	0.10%	0.30%
Deferred tax assets	1.47%	1.56%	1.46%
PPE	45.04%	40.74%	39.03%
Goodwill	2.58%	2.37%	2.25%
Other Non-current non-financial assets	1.96%	1.92%	1.80%
Total non-current assets	51.48%	46.69%	44.83%
Total Assets	100.00%	100.00%	100.00%
Liabilities and equities			

Liabilities			
Current liabilities			
Trade payables			
Trade payables third parties	4.00%	4.73%	4.29%
Trade payables related parties	0.36%	0.57%	0.35%
Other payables			
Other payables third parties	0.32%	0.26%	0.30%
Other payables related parties	0.0030%	0.00%	0.00%
Current accrued expenses	3.37%	3.91%	3.35%
Taxes payable	2.99%	3.97%	4.35%
Current unearned revenue	0.21%	0.17%	0.10%
Current maturities of long-term liabilities			
Current maturities of finance lease liabilities		0.08%	0.15%
Other current non-financial liabilities	0.52%	0.86%	0.45%
Total Current Liabilities	11.77%	14.55%	13.35%
Non-Current liabilities			
Deferred tax liabilities	0.37%	0.23%	0.35%
Long-term liabilities net of current maturities			
Long-term finance lease liabilities		0.11%	0.06%
Long-term post-employment benefit obligations	1.21%	1.42%	0.93%
Total non-current liabilities	1.58%	1.76%	0.99%
Total liabilities	13.35%	16.31%	14.34%
Equity			
Equity attributable to equity owners of parent entity			
Common Stocks	42.41%	38.97%	36.86%
Additional paid-in capital	19.97%	18.37%	15.95%
Treasury stocks	-1.68%	-1.53%	-0.03%
Retained earnings (deficit)			
Appropriated retained earnings	9.13%	8.39%	7.94%
Unappropriated retained earnings	16.81%	19.49%	24.59%
Total equity attributable to equity owners of parent entity	86.65%	83.69%	85.31%
Non-controlling interests	0.0002%	0.00%	0.00%
Total Equity	86.65%	83.69%	85.31%
Total liabilities and equity	100.00%	100.00%	100.00%

From the table above it could be seen that the percentage for the current asset component to total assets had increased from 2019 to 2021. In 2019 current assets amounted to 48.52%, 2020 amounted to 53.31%, and in 2021 it increased to 55.17%. The increase in current assets occurred due to an increase in cash and cash equivalents. In 2019 it was 24.45%, in 2020 it was 26.81% and in 2021 it decreased to 26.60%. This was due to a significant increase in the amount of current inventory. The company's financial performance could be seen from the percentage of total current assets which increases every year. The increase in current assets would strengthen the company's financial structure, especially from an investor's point of view.

The following was the result of calculating the percentages in the Statement of Profit or Loss of PT Sido Muncul for 2019-2021 using the common size analysis technique:

Table 5. Common Size Percentage Calculations in the Statement of Profit or Loss
PT Industri Jamu dan Farmasi Sido Muncul Tbk
Statement of Profit or Loss
Per 31 December

	2019	2020	2021
Sales and revenue	100.00%	100.00%	100.00%
Cost of sales and revenue	45.21%	44.87%	43.15%
Total gross profit	54.79%	55.13%	56.85%
Selling expenses	-15.37%	-14.76%	-13.84%
General and administrative expenses	-6.25%	-6.02%	-4.22%
Finance income	1.62%	1.47%	0.93%
Finance costs	-0.01%	-0.02%	-0.02%
Other income	0.45%	0.29%	0.54%
Other expenses	-0.23%	-0.13%	-0.12%
Total profit (loss) before tax	35.01%	35.96%	40.12%
Tax benefit (expenses)	-8.68%	-7.96%	-8.76%
Total profit (loss) from continuing operations	26.33%	28.27%	31.36%
Total profit (loss)	26.33%	28.27%	31.36%

In the table above it could be seen that the percentage of profit on sales had increased every year from 2019 to 2021. In 2019, the profit percentage was 26.33%. Then, in 2020 it increased to 28.27%. Then, in 2021 it would increase again significantly to 31.36%. The increase in profit percentage was due to the increase in sales every year. The increase in sales showed the magnitude of market demand for the company's products. The company's financial performance seen from the profit percentage was good because the company could increase sales every year.

3. Ratio Analysis

a. Liquidity ratio

The following was the calculation of Liquidity Ratio PT Sido Muncul

Table 6. Liquidity Ratio Calculation Results

Year	Current Ratio	Quick Ratio	Cash Ratio
2019	4.2	3.5	2.1
2020	3.7	3.1	1.8
2021	4.1	3.3	2.0

Based on the liquidity ratio, using the current ratio, quick ratio and cash ratio, the results of the study found that during the last three years. liquidity conditions at PT Sido Muncul had increased.

b. Solvability ratio

The following was the calculation of Solvability Ratio PT Sido Muncul:

Table 7. Solvability Ratio Calculation Results

Year	Debt to Asset	Debt to Equity
2019	0.44	0.15
2020	0.44	0.19
2021	0.46	0.17

Based on the solvability ratio, using debt to asset and debt to equity ratios. The results of the study found that during the last three years, the solvency conditions at PT Sido Muncul had increased.

c. Activity ratio

The following was the calculation Activity Ratio of PT Sido Muncul:

Table 8. Activity Ratio Calculation Results

Year	Total Asset Turnover	Receivables Days	Payable Days
2019	0.87	63	39
2020	0.87	73	50
2021	0.99	60	40

Based on the activity ratio using the asset turnover ratio, receivables turnover, receivables days, and payables days. The results found that in the last three years, the asset management condition of PT Sido Muncul had improved.

d. Profitability ratio

The following was the calculation Profitability Ratio of PT Sido Muncul:

Table 9. Profitability Ratio Calculation Results

Year	Return on Asset	Return on Equity	Gross Profit Margin	Net Profit Margin
2019	22.88	26.35	54.79	26.33
2020	24.26	28.99	55.13	28.00
2021	30.99	36.32	56.85	31.36

Based on the profitability ratio, using the ratio of return on assets, return on equity gross profit margin, and net profit margin. The results of the study found that in the last three years, the condition of profitability at PT Sido Muncul had increased.

e. Market ratio

The following table showed the results of calculating the earnings per share of PT Sido Muncul for 2019-2021:

Table 10. Earnings per Share Calculation Results

Year	Net Income After Tax	Number of Shares	EPS
2019	807,689	14,884	54.27
2020	934,016	29,770	31.37
2021	1,260,898	29,995	42.04

Based on the calculation results, the EPS value in 2019 is 54.27. In 2020, the EPS value had decreased to 31.37. This was because in 2020, the net income value obtained by PT Sido Muncul had increased but not significantly and the number of shares outstanding had increased. Whereas in 2021, the EPS value would increase to 42.04. This showed that Sido Muncul was getting better at increasing company profits and the company could be said to be growing.

Table 11. Price Earnings Ratio Calculation Results

Year	Share Price	Earnings per Share	PER
2019	1,275	54.27	23.49
2020	799	31.37	25.47
2021	865	42.04	20.58

Based on the calculation results, the PER value in 2019 was 23.49. However, in 2020, the PER value had increased to 25.47. The higher the value of the PER ratio, the higher the profit growth expected by investors. If the company's PER was high, then the company's shares could provide a high market reaction for investors. Then, in 2021, the PER value would decrease to 20.58. This would assess that PT Sido Muncul shares would benefit from

stock price movements because the stock was undervalued which causes the stock price to rise.

f. Du Pont System Analysis

The following table showed the results of calculating Du Pont System Analysis of PT Sido Muncul for 2019-2021:

Table 12. Du Pont System Analysis Calculation Results

Year	TATO (times)	NPM (%)	EM	ROE
2019	0.87	26.33	1.15	26.35
2020	0.87	28.00	1.19	28.99
2021	0.99	31.36	1.17	36.32

The results of the Du Pont System analysis above, it could be said that the company's financial performance was very good because the value of Total Asset Turnover and Net Profit margin had increased during the 2019-2021 period due to increased net profit because it was influenced by the decreasing total cost component and the company was effective in managing owned assets. The high value of Return on Investment showed the company's ability to create returns that the company got on investment used for very effective operations.

Prospective Analysis

The following was the calculation of the four variables using the financial statements of PT Sido Muncul:

Table 13. The Calculation of Four Variables

	X1 (Working capital/Total Assets)	X2 (Retained Earnings/Total Assets)	X3 (EBIT/Total Assets)	X4 (Total Equity/Total Liability)
2019	0.37	0.26	0.34	6.59
2020	0.39	0.28	0.35	5.13
2021	0.42	0.33	0.43	5.81

From the calculation of the four variables above, the next step was the calculation using the Altman Z model "-Score by entering the calculation results of the four variables into the Altman Z model equation" - Score according to the constant value of each variable and adding it up. Here's the calculation:

$$Z''=6.56(X1)+3.26(X2)+6.72(X3)+1.05(X4)$$

Table 14. Calculation using The Altman Z Model

	Z score
2019	12.50
2020	11.19
2021	12.76

Based on the calculation above, it could be seen that the Z value at PT Sido Muncul showed a figure of 12.50 in 2019. Then, in 2020 it had decreased to 11.19. This showed that when the Covid-19 pandemic occurred in Indonesia, it had a negative impact on the company's performance. It could be seen from the financial report data which showed an increase in total liability which was originally valued at IDR 464,850 in 2019 increased to IDR 627,776 in 2020. However, this increase in total liability was accompanied by an increase in total assets. This indicated that when the Covid-19 pandemic occurred, PT Sido Muncul saw an opportunity to increase the company's operational efficiency in making sales in order to optimize the company's profit level.

Companies must be careful in making any policies regarding finance. The company must immediately improve its financial performance and evaluate and improve its financial structure so that the company could get out of a condition prone to bankruptcy. After conducting an evaluation, the company's Z"-Score value increased to 12.76. Based on the results of the calculation above, it means that the company was in good health and does not experience bankruptcy because the Z value in the company was above 2.6, namely in the healthy company zone which indicated that the company was at a safe level and not bankrupt.

By calculating the Z"-Score, companies could see which components of the financial statements need to be evaluated and improved to make the company healthier. In addition, this calculation could also help investors who want to invest in PT Sido Muncul. Investors could find out how the condition of the company before, was in a healthy condition or not and would be very helpful in determining the investment decision to be made.

CONCLUSIONS

This research aimed to determine how the financial performance of Indonesian Pharmaceutical Industry especially PT Sido Muncul in the last three years by using four analysis financial performance. Data analysis techniques that researcher used were business strategy analysis, accounting analysis, financial analysis, and prospective analysis. Based on the results of the four data analysis that had been described, the conclusions of this study were:

a. Business Analysis

1) Industry Analysis

Based on industry analysis, using 5 porter forces it showed that the Indonesian pharmaceutical industry had high rivalry among existing firms due to the industry growth rate indicator, in which people's need for medicines continued to increase along with increasing population growth. Meanwhile, the threat of new entrants tended to be lower because entering the pharmaceutical industry requires high investment costs and complicated licensing. Besides that, the threat of substitute product could be categorized as high because there were many product substitutes for medicine such as illegal drugs at lower prices. Bargaining power of suppliers was also high because the need for raw materials for chemical drugs or natural mixtures had no substitutes in the country and would certainly affect competition and also costs that would be incurred by the industry. Lastly, the bargaining power of buyers was low because there were no alternatives available on the market and some industries were oriented towards product quality.

2) Competitive strategy analysis

Based on competitive strategy analysis, PT Sido Muncul appeared to be able to achieve differentiation from products and services produced by way of fast and quality product innovation.

b. Accounting Analysis

Based on accounting analysis, PT Sido Muncul showed that there was nothing suspicious and there were no red-flags or significant differences or deviations, so there was no need to undo the distortion using outside information above. All company progress was explained in detail in the annual report section, especially in notes to financial statements.

c. Financial Analysis

1) Trend analysis

Based on an analysis of the financial statements at PT Sido Muncul using trend analysis it could be concluded that there were several very significant differences. Sido Muncul had very good financial performance when viewed from the financial statements for 2019-2021 because the total asset component continues to increase, this was due to an increase in the cash and cash equivalent component and it could be predicted that the following year's total assets would increase. Furthermore, from a liability and equity perspective, the financial performance was quite good because the debt component had decreased in 2019 and 2021. The equity component had also increased every year, so the company was able to pay its debts. Thus, it could be predicted to increase for the following year. In addition, when viewed from the income statement the ability to generate profits was also very good because it had increased every year. The increase in profit was

due to Sido Muncul experiencing an increase in sales every year. Sido Muncul's financial performance, seen from the profit, was good and it could be predicted that the profit component would increase in the following year.

2) Common Size analysis

Based on an analysis of the financial statements at PT Sido Muncul using common size analysis, it could be concluded that in 2020 there were several components that were very influential in increasing fixed assets, namely cash and cash equivalents. Meanwhile, the income statement using the common size method showed that Sido Muncul's financial performance seen from the profit percentage was good because the company could increase sales every year.

3) Ratio Analysis

a) Liquidity ratio

Based on the liquidity ratio, using the current ratio, quick ratio and cash ratio, the results of the study found that during the last three years. liquidity conditions at PT Sido Muncul had increased.

b) Solvability ratio

Based on the solvability ratio, using debt to asset and debt to equity ratios. The results of the study found that during the last three years, the solvency conditions at PT Sido Muncul had increased.

c) Activity ratio

Based on the activity ratio using the asset turnover ratio, receivables turnover, receivables days, and payables days. The results found that in the last three years, the asset management condition of PT Sido Muncul had improved.

d) Profitability ratio

Based on the profitability ratio, using the ratio of return on assets, return on equity gross profit margin, and net profit margin. The results of the study found that in the last three years, the condition of profitability at PT Sido Muncul had increased.

e) Market ratio

Based on the market ratio using earnings per share and price earning ratio, the results showed that the EPS value increased in 2019 and 2021. This showed that Sido Muncul was getting better at increasing company profits and the company could be said to be growing. While with PER, Sido Muncul stocks tend to decline, with a low PER, it could be more attractive to investors than stocks with a high PER because stocks with a low PER were more promising for investors to get capital gains in the future.

4) Du Pont System analysis

The results of the Du Pont System analysis above, it could be said that the company's financial performance was very good because the value of Total Asset Turnover and Net Profit margin had increased during the 2019-2021 period due to increased net profit because it was influenced by the decreasing total cost component and the company was effective in managing owned assets. The high value of Return on Investment showed the company's ability to create returns that the company got on investment used for very effective operations.

d. Prospective analysis

1) Bankruptcy analysis

Based on bankruptcy analysis, PT Sido Muncul was in a healthy condition and not bankrupt, this could be proven from the results of calculating the company's distress prediction using the Altman Z "-Score method where the calculation results showed the Z value" in PT Sido Muncul exceeds 2.6, which was as big as indicating a company in Zone II, namely at a safe (healthy) level, not bankrupt, and not experiencing financial difficulties.

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