

[23]

Valuation of Financial Performance and Stock Performance (Case Study PT Holcim Indonesia Tbk)

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Abstract. The main purpose of a company is to prosper the shareholders. The shareholders will get profit from the company they own after one year of operation by selling their products or services. Therefore, company's manager has responsibility to regulate the company to be profitable and needs to know and analyze how was the company has performed for period of time so the manager could correct mistakes in the decision making and maintain the company's strengths.

Besides the company's manager, the shareholders also need to know about how the company's performance to monitor whether investments they have is need to defend or could be abandoned. Succeed or not the management of a company written in annual report contained financial report or financial statement. Company and the shareholders need to understand the valuation of financial performance from the financial statement which are financing, asset management and profitability, also stock performance which consider the share market price in the stock exchange.

This financial and share performance research is studied to PT Holcim Indonesia Tbk in cement industry who has gotten loss for two years, then compare with companies in the same subsector in Indonesia Stock Exchange. The used research data is financial report for year 2012 until 2016 which are secondary data obtained from Indonesia Stock Exchange.

The result of the research shows that compare to the companies in the same industry, PT Holcim Indonesia Tbk from 2012 until 2016 has decreased performance especially in profitability. It was caused of the sales were not optimal and cost inefficiency, that caused stock price is declining. During those five years, PT Holcim Indonesia Tbk expanded it's company which is financed by debt, so PT Holcim Indonesia being a company that the operation dominant use of debt.

Keywords : Profitability, Asset Management, Financing, Stock

1. Introduction

Indonesia is ranked as the third rank with the highest cement production in Asia-Pacific with a total production capacity in 2010 of 37.8 million tons to reach 100 million tons in 2017, while domestic sales also jumped from 40 million tons to around 65 million tons in the same period.

Cement consumption in a country illustrates how the country's infrastructure development is because cement is a major component in infrastructure development such as toll roads, bridges, ports, and others. Indonesia is one of the countries with developing infrastructure development so that the demand for cement is also increasing and many new domestic and foreign cement companies are constantly emerging to take advantage of the opportunities. This also caused an increase in Indonesia's cement production capacity. The Problem Identification of the research are :

- a. The structure of financing at PT Holcim Indonesia Tbk
- b. The management of assets at PT Holcim Indonesia Tbk
- c. The profitability of PT Holcim Indonesia Tbk
- d. The performance of shares at PT Holcim Indonesia Tbk.

2. Theoretical Framework and Methodology

2.1. Descriptive

Descriptive research (descriptive research) is a research method that aims to provide a more detailed picture of a phenomenon or phenomenon, in this thesis proposal relating to financial performance and company shares. The phenomenon under study is an event that is happening now and in the past. This descriptive study explains aspects that are relevant to the phenomenon observed. Descriptive method is also defined as the problem-solving process that is investigated, by describing or describing the state of the object of the research at the present time, based on the facts that appear or as they are.

2.2. Quantitative

Quantitative is a process of finding knowledge that uses data in the form of numbers as a means of analyzing information about what you want to know. Quantitative methods are also a method that can test certain theories by examining the relationships between variables. To be able to take measurements using quantitative methods, each phenomenon is translated into several problem components. Quantitative calculation techniques can be done so that it can produce a conclusion. The main purpose of this methodology is to explain a problem but produce generalizations. Generalization is a reality of truth that occurs in a reality about an estimated problem.

2.3. Debt Ratios

- a. **Debt Ratio.** This ratio is used to find out how the company funds both current and fixed assets in supporting its business activities. Does the company use more funds from owners (shares/equity) or from debt sources? Thus this ratio provides an indicator of the amount of debt that the company uses to fund all assets owned.

$$\text{Debt Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

This ratio can also be used to measure the solvency of a company. the smaller the ratio figure means that the smaller companies use funds from debt sources, and also means that the conditions of the company are more solvable.

- b. **Debt to Equity Ratio**

This ratio is for the company's capital structure. Because it relates to company capital which means finding funds obtained through debt, the total amount of debt that will be used. The total debt is compared to the total equity or capital of the company owner. In other words, this ratio is a comparison between debt owned by a company and capital owned by a company. This ratio shows the ability of capital owned by a company in fulfilling all obligations.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Equity}}$$

- c. **Coverage Ratio**

The coverage ratio is a ratio that measures the level of security of a company in terms of the ability to pay interest on loans or describes the ability of the company's operating results to cover interest obligations. That is using the Times Interest Earned ratio formula.

$$\text{TIE} = \frac{\text{Earning Before Interest and Tax}}{\text{Interest Expense}}$$

2.4. Activity Ratios

Assessing the effectiveness of asset management in a company can be done by analyzing the ratio of the activity and liquidity ratios.

- a. **Total Assets Turnover (TATO)**

$$\text{TATO} = \frac{\text{Revenue (sales)}}{\text{Total Assets}}$$

- b. **Current Asset Turnover (CATO)**

$$\text{CATO} = \frac{\text{Revenue (Sales)}}{\text{Current Assets}}$$

- c. **Fixed Assets Turnover (FATO)**

$$\text{FATO} = \frac{\text{Revenue (Sales)}}{\text{Fixed Assets}}$$

d. *Inventory Turnover (InTO)*

$$\text{InTO} = \frac{\text{Cost of Good Sold}}{\text{Inventory}}$$

e. *Accounts Receivable Turnover (ARTO)*

$$\text{ARTO} = \frac{\text{Revenue (Sales)}}{\text{Account Receivable}}$$

f. *Working Capital Turnover (WCTO)*

$$\text{WCTO} = \frac{\text{Revenue (Sales)}}{\text{Working Capital}}$$

g. *Account Payable Turnover (APTO)*

$$\text{APTO} = \frac{\text{Cost of Good Sold}}{\text{Accounts Payable}}$$

2.5. *Liquidity Ratios*

a. *Current Ratio*

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

b. *Quick Ratio*

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

c. *Cash Ratio*

$$\text{Cash Ratio} = \frac{\text{Cash or Cash Equivalent}}{\text{Current Liabilities}}$$

2.6. *Profitability Ratios*

a. *Gross Profit Margin (GPM)*

$$\text{GPM} = \frac{\text{Gross Profit}}{\text{Sales}}$$

b. *Operating Profit Margin (OPM)*

$$\text{OPM} = \frac{\text{Operating Profit Margin (EBIT)}}{\text{Sales}}$$

c. *Net Profit Margin (NPM)*

$$\text{NPM} = \frac{\text{Earning After Tax (EAT)}}{\text{Sales}}$$

d. *Return on Assets (ROA)*

$$\text{ROA} = \frac{\text{Earning After Tax (EAT)}}{\text{Total Assets}}$$

e. *Return on Capital Employed (ROCE)*

$$\text{ROCE} = \frac{\text{EBIT}}{\text{Long term debt} + \text{Equity}}$$

f. *Return on Equity (ROE)*

$$\text{ROE} = \frac{\text{Earning After Tax (EAT)}}{\text{Equity}}$$

2.7. *Stock Performance*

a. *Earning per Share (EPS)*

$$\text{EPS} = \frac{\text{EAT}}{J_{sb}}$$

b. *Price Earning Ratio (PER)*

$$\text{PER} = \frac{\text{MPS}}{\text{EPS}}$$

c. *Book Value per Share (BVS)*

$$\text{BVS} = \frac{\text{Total modal sendiri} - \text{saham preferen}}{\text{saham biasa yang beredar}}$$

d. *Price to Book Value (PBV)*

$$\text{BV} = \frac{\text{Harga per lembar saham}}{\text{Nilai buku ekuitas per lembar saham}}$$

3. Result And Discussion

3.1. Ratio Analysis of PT Holcim Indonesia Tbk Funding

Solvency

Calculations on this ratio will show the portion of debt to assets and to equity held by PT Holcim Indonesia Tbk.

Debt to Asset Ratio

The following (Figure 1) is a comparison chart of SMCB Debt to Asset Ratio and Industry Average.

The graph shows that the ratio of debt to assets owned by the SMCB and the industry average both have an increasing trend. But from the two lines on the graph, it can be seen that the SMCB has an increase in the DAR ratio that is greater than the industry average which means that the increase in the SMCB debt is higher than the increase in the total assets it has.

Then based on the weight of debt to assets, the average company in the cement sector has a DAR ratio that is still below 40%, that is when compared to assets, the use of debt is not dominant. Another with SMCB which has a DAR ratio that has been above 50%.

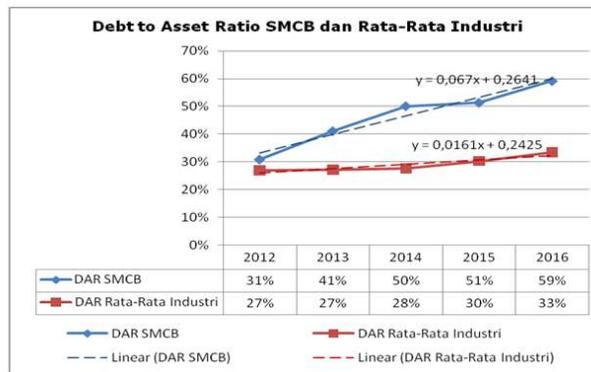


Figure. 1 Comparison of Ratio Charts from PT Holcim Indonesia Tbk and Industry Average for 2012-2016

Debt to Equity Ratio

The following is a comparison chart of SMCB Debt to Asset Ratio and Industry Average.

The graph shows that the ratio of debt and equity to the industry average has a more flat tendency despite a slight increase, in contrast to the SMCB which increased significantly. Then in terms of the comparative figures between debt and equity, SMCB has a debt which in 2014 was the same as equity in the year, then in 2015 and 2016 the total amount of SMCB debt exceeded the amount of equity it had. This again shows again that the SMCB operates predominantly using debt during 2014-2016 where the increase in debt each year is greater than the increase in equity owned by the SMCB.

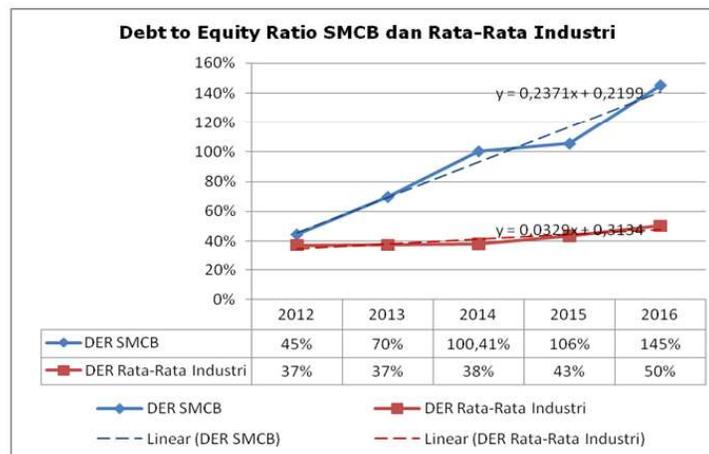


Figure 2. Graph of Comparison of PT Holcim Indonesia Tbk DER Ratios and Industry Average for 2012-2016

Coverage (Times Interest Earned)

Calculations on this ratio will show SMCB's ability to pay interest arising from the debt. The following is a comparison chart of Times Interest Earned SMCB and Industry Average.

The graph shows the TIE SMCB ratio and the industry average have a downward trend which means that the ability of all companies in the cement industry or subsector to decrease interest is also decreasing. The graph also shows that the decline in the industry average TIE ratio is more significant than the TIE SMCB ratio and the largest decrease in the TIE ratio in 2013 was due to a significant increase in the average industry interest expense. Then the TIE SMCB ratio line is below the industry average TIE ratio which means that in terms of coverage or covering the interest expense by EBIT, SMCB has a lower capability compared to the industry average.

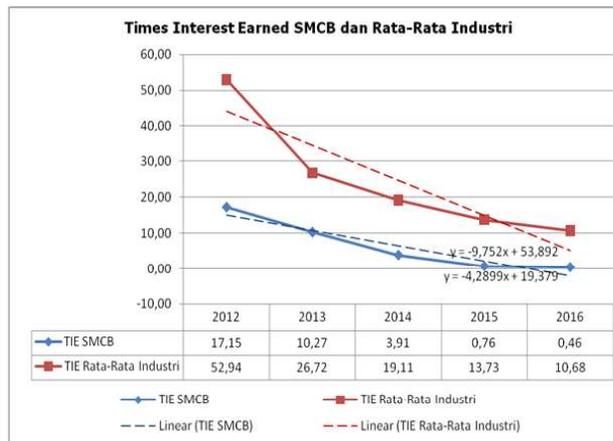


Figure 3. PT Holcim Indonesia Tbk TIE Ratio Comparison Chart and Industry Average for 2012-2016

Activity and Profitability

Calculations on this ratio will show the effectiveness of SMCB funding in generating sales and profits, namely EBIT, then compared with the ratio generated by the industry average.

Account Payable Turn Over

The following is a comparison chart of Account Ratio of Payable Turnover for SMCB and Industry Average for 2012-2016.

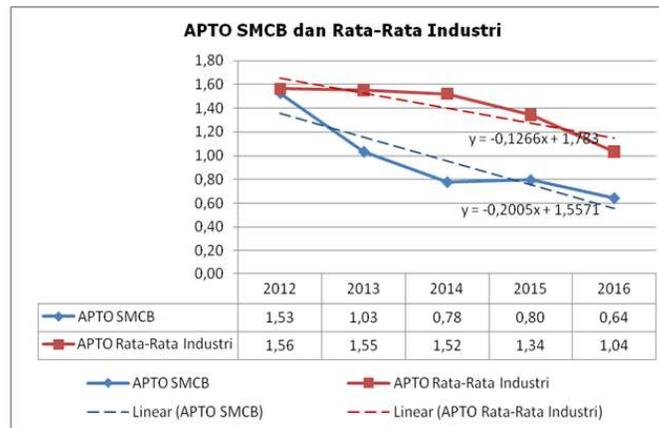


Figure 4. Graph of APTO Ratio Comparison of PT Holcim Indonesia Tbk and Industry Average for 2012-2016

The graph shows that both the SMCB and the industry average have an APTO ratio that has a downward trend. However, based on the graph, the debt turnover owned by the SMCB has a more downward trend and is smaller than the industry average, which means that over the five years the SMCB pays debt more slowly than the industry average. As explained in the theory that debt turnover should not be faster than receivable turnover, the following is a table of the average age of debts and receivables owned by SMCB.

The table 1. shows that the average age of the SMCB debt when compared to the average age of the debt, the longer the average age of the receivable. This means that when the debt held by the SMCB is due, the SMCB has the funds to repay the debt.

Table 1. The Average Age of PT Holcim Indonesia Tbk Debt and Receivables for 2012-2016

Remarks	Years					Average
	2012	2013	2014	2015	2016	
Debt Age of SMCB	239 days	353 days	469 days	459 days	567 days	417 days
Average Receivables Age of industry	33 days	36 days	40 days	44 days	40 days	39 days

Fixed Asset Turn Over

The following is a comparison chart of Fixed Asset Turnover Ratio of SMCB and Industry Average. The graph shows that the effectiveness of non-current asset management to generate sales both of the SMCB's property and the industry average is decreasing. This shows that there are external things that affect companies in the cement sector so that the effectiveness of the management of fixed assets is decreasing where companies in the cement sector are highly dependent on fixed assets in the production.

Then the FATO SMCB ratio chart below the industry average shows that the effectiveness of non-current asset management, when compared to the industry average, is still very small.

In 2014-2015 the FATO SMCB ratio was sloping, compared to the industry's average decline. This was due to the SMCB sales which declined slightly in the year but there was a substantial decline in sales in the industry average wherein 2015 WSBP was incorporated into an industrial group but the sales did not have a high influence so that when averaged, the results of flat sales the industry declined in that year.

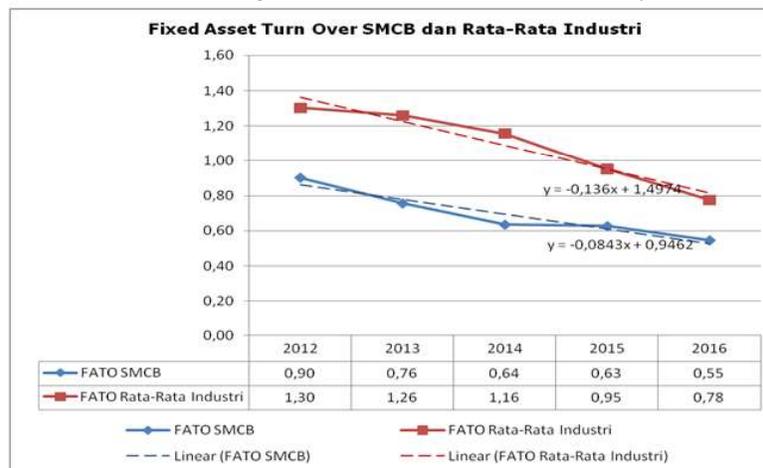


Figure 5. Graph of Comparison of Ratio of PT Holcim Indonesia Tbk FAITO and Industry Average for 2012-2016

Current Asset Turn Over

The following (Figure 6.) is a comparison chart of the SMCB Current Asset Turnover Ratio and Industry Average.

The figure shows that the effectiveness of managing SMCB's current assets in generating sales has a downward trend and when compared with the effectiveness of managing current industry average assets, the industry average CATO ratio has a stable trend or trend. But from the two lines in the graph, the CATO ratio

figures generated by the SMCB are higher than the industry average. This is due to the low amount of SMCB cash. But the numbers are indeed volatile. For example, in 2012 the current assets of the SMCB amounted to Rp556 billion while the current assets of those owned by companies in the same industry or sector as the SMCB stood at Rp3 trillion. So even though the sales generated by the SMCB are below the industry average, the CATO SMCB ratio can produce larger numbers because the current assets are also smaller.

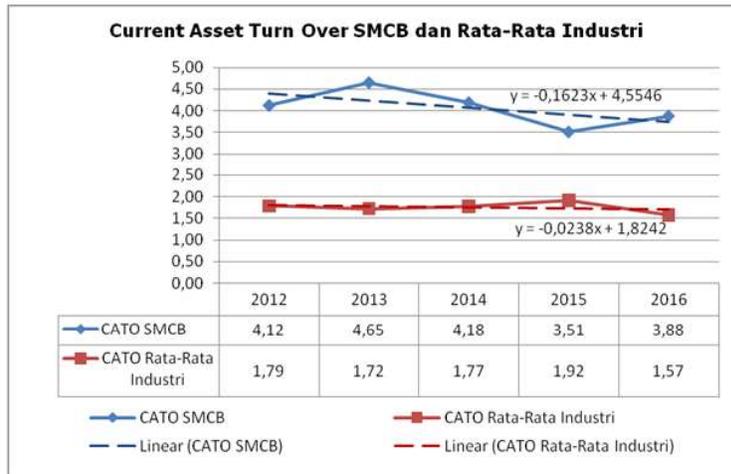


Figure. 6. Graph of PT Holcim Indonesia Tbk's CATO Ratio Comparison and Industry Average for 2012-2016

Total Asset Turn Over

The following is a comparison chart of the SMCB Total Asset Turnover Ratio and Industry Average.

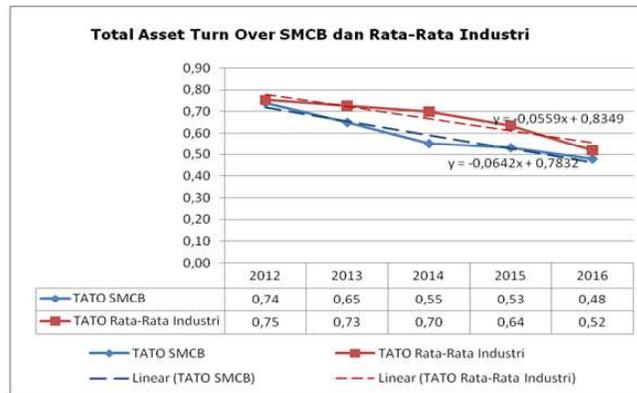


Figure. 7. Chart of PT Holcim Indonesia Tbk TATO Ratio Comparison and Industry Average for 2012-2016

Based on the TATO SMCB ratio graph and the average in the industry has a downward trend which means that the effectiveness of the management of total assets of all companies in the cement industry or sector has decreased. However, based on the results of the ratio, the TATO SMCB ratio is below the industry average. In 2012 the TATO SMCB ratio was almost at the same point as the industry average which illustrates that the management of SMCB's total assets in that year is almost equivalent to the effectiveness of asset management owned by companies in the cement industry or sector.

Inventory Turn Over

The following (Figure 8) is a comparison chart of the SMCB Inventory Turnover Ratio and Industry Average.

Based on the graph in figure 8, INTO SMCB and Average Industry have an increasing trend. This shows that the number of products sold compared to the inventory of both the SMCB and the average in the industry also increases yearly where sales from all cement sector companies increase when viewed from

comparison with inventory. However, based on the figures from the INTO ratio results, the SMCB has greater results than the industry average or is above the average. To find out the average age of the SMCB inventory and Industry Average based on the length of the day, here is a table of the cycle.

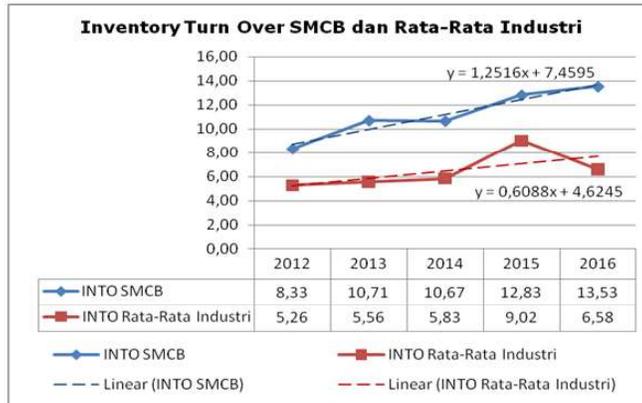


Figure 8. INTO PT Holcim Indonesia Tbk Ratio Comparison Chart and Industry Average for 2012-2016

Table 2. The Average Inventory Age of PT Holcim Indonesia Tbk in 2012-2016

Remarks	Years					Average
	2012	2013	2014	2015	2016	
Age of SMCB Supply		34	34	28	27	34 days
Average of Industry Supply	69	66	63	40	55	59 days

Source: PT Holcim Indonesia Tbk

The table 2 shows that the time at which SMCB inventories are sold on average is within 34 days, faster than the industry average where the average inventory is sold within 59 days. This shows that SMCB has a better inventory turnover than other companies in the same sector as SMCB, namely cement.

Account Receivable Turn Over

The following (Figure 9) is a graph of Comparison the SMCB Account Receivable Turn Over Ratio and Industry Average.

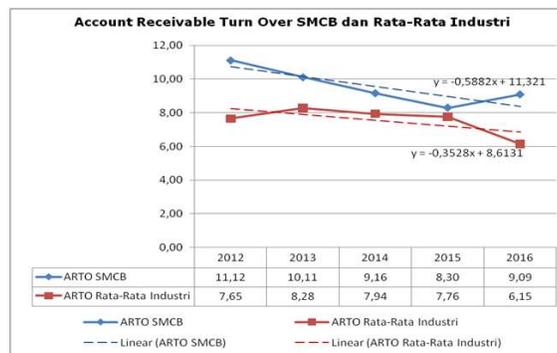


Figure 9. Graph of Comparison of Ratio of PT Holcim Indonesia Tbk ARTO and Industry Average for 2012-2016

Based on the graph in figure 9, the ARTO SMCB and Industry Average have a downward trend. This shows that the number of times the repayment of receivables from both the SMCB and the average in the industry also decreased annually. However, based on the figures from the INTO ratio results, the SMCB has greater results than the industry average or is above the average. To find out the average age of SMCB receivables and Industry Average based on the length of the day, here is a table of the cycle.

The table shows that the time at which the SMCB receivables are repaid on average is repaid within 34 days, faster than those owned by the industry average where the average receivables are repaid within 59 days. This shows that SMCB has a better receivable turnover than other companies in the same sector as SMCB, namely cement.

Table 3. PT Holcim Indonesia Tbk's Average Age of Receivables for 2012-2016

Remarks	Years					Average
	2012	2013	2014	2015	2016	
Receivables Age of SMCB	33 <u>days</u>	36 <u>days</u>	40 <u>days</u>	44 <u>days</u>	40 <u>days</u>	39 <u>days</u>
Average Receivables Age of Industri	48 <u>days</u>	44 <u>days</u>	46 <u>days</u>	47 <u>days</u>	59 <u>days</u>	49 <u>days</u>

Source: PT Holcim Indonesia Tbk

Liquidity Ratio

Calculations on this ratio will show the liquidity or management capabilities of SMCB assets, namely current assets in meeting their short-term obligations.

Current Ratio

The following is a comparison chart of SMCB Current Ratio and Industry Average.

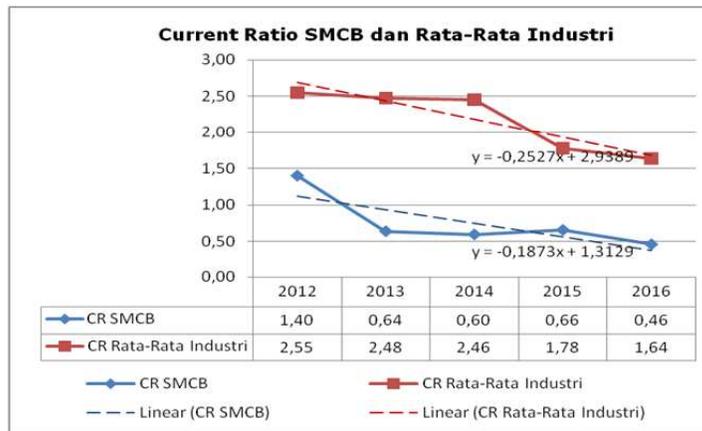


Figure 10. Comparison Chart of Current PT Ratio of Holcim Indonesia Tbk and Industry Average for 2012-2016

Based on the Current Ratio of the SMCB and the industry average, the trend has decreased and the line of the trend is almost parallel. This means that the ability to meet the obligations for current debt owned by companies in the cement sector on the Indonesia Stock Exchange also declined. But based on the number of these ratios, the CR SMCB ratio is below the industry average. The CR SMCB ratio results show a number below 1 which means that the ability to cover the current debt of the SMCB current assets is not good, namely the greater the amount of current debt than the current assets owned by the SMCB.

Then if examined, the average industrial CR ratio in 2014-2015 decreased significantly. This is due to a decrease in current assets in companies that have high market opportunities, namely INTP and SMGR. In addition, SMBR also experienced a decline in current assets during the year. This decline was dominated by a decrease in cash and cash equivalents of these companies.

Quick Ratio

The following (Figure 11) is a comparison chart of Quick Ratio SMCB and Industry Average.

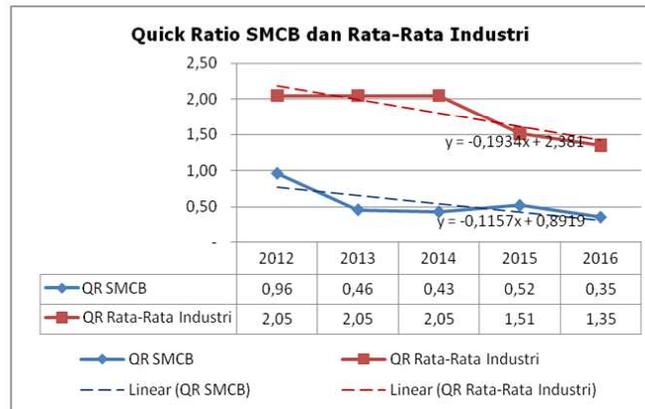


Figure 11. PT Holcim Indonesia Tbk Quick Ratio Comparison Chart and Industry Average for 2012-2016

The graph shows that the trend of the Quick Ratio owned by the SMCB and the industry average decreased. Because the CR ratio owned by SMCB is below the industry average, the QR ratio also has a number that is below the industry average. It can be noticed that during 2012 until 2014 the average QR ratio of the industry was in a stagnant or stable rate due to stable cash, inventory and current debt figures, QR SMCB decreased due to significant debt increased by 110% from the amount of Rp1.5 trillion to Rp.3.2 trillion.

Cash Ratio

The following is a graph of the comparison of SMCB Cash Ratio and Industry Average.

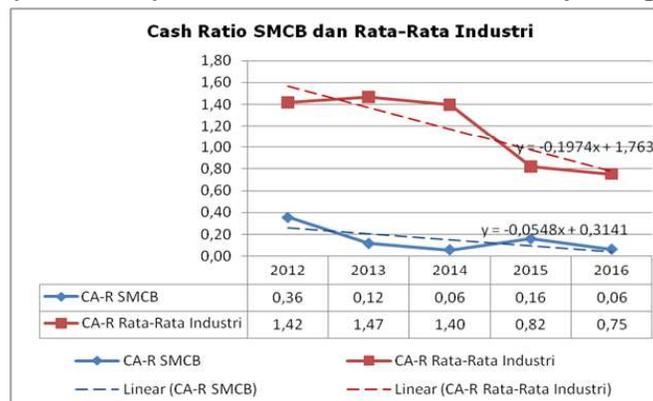


Figure 12. PT Holcim Indonesia Tbk Cash Ratio Comparison Chart and Industry Average for 2012-2016

Based on the graph in Figure 12, the trend of the SMCB Cash Ratio ratio decreases but is not significant so that it can be said to be stable despite fluctuations. Then the cash and cash equivalents of the SMCB have a small portion in current assets because SMCB sales are dominant with receivables. Furthermore, the trend of the industry average CA-R ratio decreased due to a significant decline in 2014-2015. This provides evidence in the statement that there was a significant decrease in cash and cash equivalents for the year.

3.2. Ratio Analysis of PT Holcim Indonesia Tbk Ability

Gross Profit Margin

The following (Figure 13) is a graph of the ratio of the gross profit margin of the SMCB margin and the industry average.

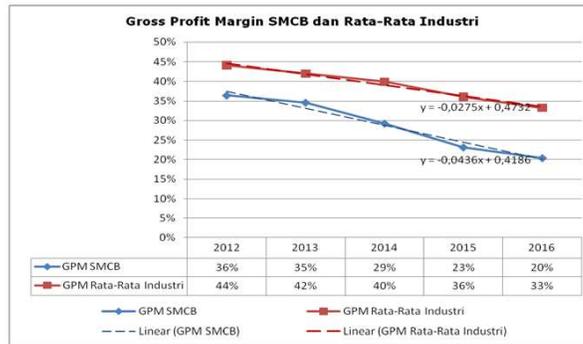


Figure 13. Chart of Comparison of PT Holcim Indonesia Tbk GPM Ratio and Industry Average for 2012-2016

The graph shows that the trend of the GPM ratio both the SMCB and the industry average has decreased this ratio is the impact of the increasing HPP ratio per sale. The decline in the trend that occurred in the SMCB was greater than the decline in the industry average and the GPM SMCB figures were below the average. The GPM SMCB ratio below the average shows that in terms of generating gross profit on sales, the SMCB is still not optimal and rivals the industry and a downward trend in the GPM SMCB ratio due to decreased gross profit as previously explained while SMCB sales tend to be stable.

Operating Profit Margin

The following is a comparison chart of the ratio of SMCB Margin Operating Profit and Industry Average.

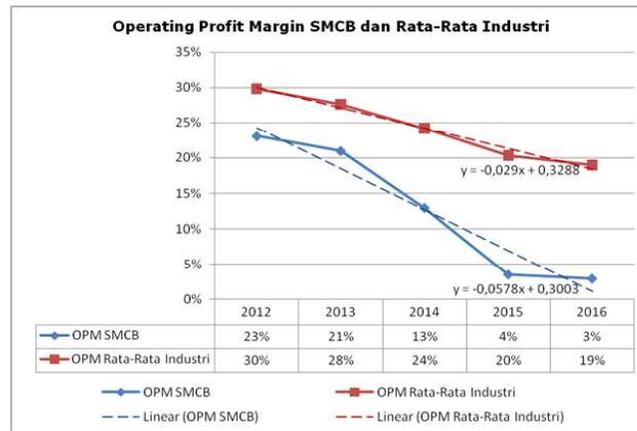


Figure 14. Chart of Comparison of PT Holcim Indonesia Tbk OPM Ratios and Industry Average for 2012-2016

The graph shows that the OPM ratio lines generated by the SMCB and the industry average have a downward trend, but the decline in the OPM SMCB ratio is greater than the industry average. The OPM SMCB ratio decreased due to the decline in SMCB operating income, especially in 2014 and 2015. However, in 2016, in line with the SMCB's operating profit that did not return sharply, the OPM SMCB ratio in 2015-2016 was flat.

Based on the OPM ratio, it can also be seen that from the sales generated, after being deducted by the basic costs and operational costs incurred, the operating profit obtained by SMCB for the three years is not more than 25% and the time goes by, the percentage of operating profit on the sale of SMCB getting smaller, not even reaching 5% and not to mention reduced by other costs and taxes.

Net Profit Margin

The following is a comparison chart of the ratio of Net Profit SMCB Margin and Industry Average.

The graph shows that the SMCB NPM and the industry average NPM decreased. However, the decline in the SMCB NPM was greater than the decline in the industry average and the SMCB NPM ratio

was also below the industry average NPM line. This is because the movement of net income generated by SMCB towards sales is decreasing. Then from the total sales of 100%, SMCB is only able to generate net profit that can be attributed to shareholders up to 15% for the five years even in 2015 and 2016 SMCB gets a loss.

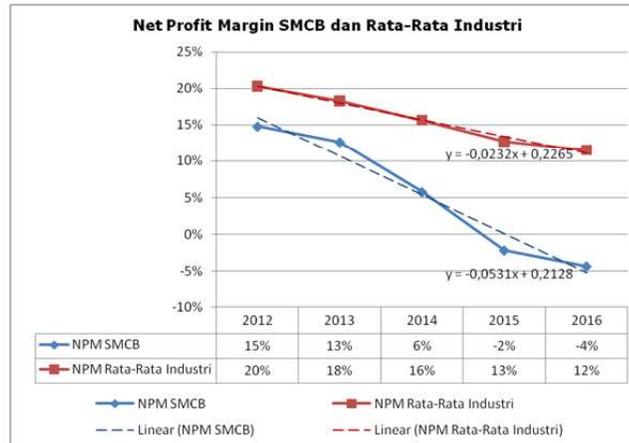


Figure 15. Chart of PT Holcim Indonesia Tbk NPM Ratio Comparison and Industry Average for 2012-2016

Return on Asset

The following is a graph of the comparison of SMCB's Return On Assets ratio and Industry Average.

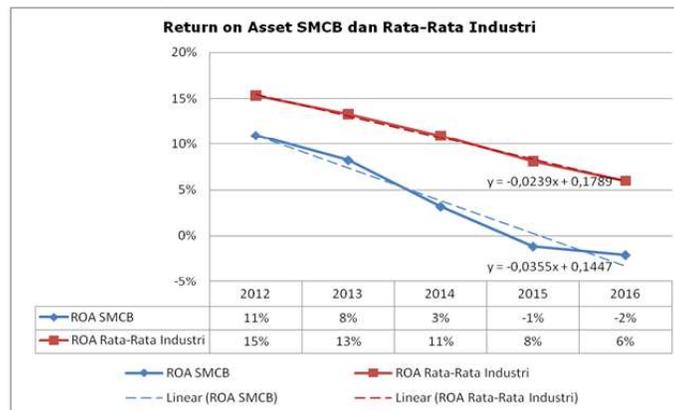


Figure 16. Graph of Comparison of ROA Ratio of PT Holcim Indonesia Tbk and Industry Average for 2012-2016

The graph shows that the ability of the SMCB and the industry average to generate EBIT against its assets has decreased due to the increase in assets that occurred both in the SMCB and the industry average, while the EBC of the SMCB and the industry average declined. The graph above also shows that the decrease in the ROA ratio held by SMCB was greater than the decrease in the average ROA ratio of the industry and the ROC ratio of the SMCB was below the industry average. This gives the meaning that in generating profits when compared to assets owned, SMCB is still not optimal because it is below average.

Return on Equity

The following (Figure 17) is a graph of the comparison of the Return On Equity SMCB ratio and Industry Average.

The graph shows that the ability of the SMCB and the industry average to generate profits against equity owned, decreased. This cannot be separated from the decrease in net income that occurs higher than the decrease in equity held.

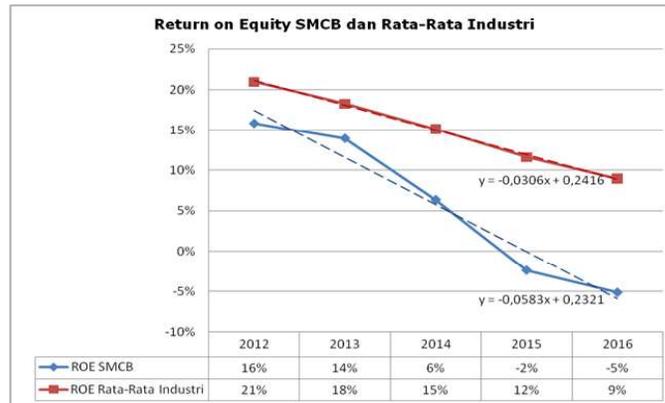


Figure 17. Graph of Comparison of PT Holcim Indonesia Tbk's ROE Ratio and Industry Average for 2012-2016

3.3. Performance Analysis of PT Holcim Indonesia Tbk Shares

Share Prices

The following is a restatement of PT Holcim Indonesia Tbk stock market price chart for 2012-2016.

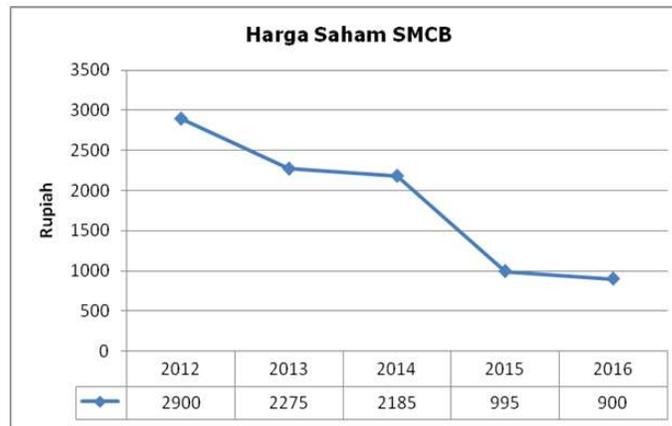


Figure 18. PT Holcim Indonesia Tbk Stock Price Movement Chart for 2012-2016

The graph shows the market price of the SMCB stock continues to decline from 2012-2016. This was due to the declining condition of the cement industry/industry, which due to the oversupply that resulted in sales of companies in the cement sector in Indonesia also declined. Therefore, the declining trend in stock prices does not only occur in the SMCB but in all shares in the cement industry sector due to similar conditions. However, especially in 2013, as mentioned in the macroeconomic analysis, namely the exchange rate, the overall JCI was indeed decreasing due to the outflow of foreign capital from Indonesia.

Then in 2015, all shares in the cement industry sector declined significantly due to the policy of lower cement prices set by the government. SMCB can actually withstand these conditions in terms of sales, because SMCB sales are still increasing, but due to internal financial management in terms of inefficient use of costs, the SMCB profit has decreased so that investor confidence in the SMCB shares has decreased and seen in Figure 4.43 SMCB share prices declined most significant in that year.

Book Value

The following is a graph of the value of PT Holcim Indonesia Tbk's book/book value for 2012-2016.

The graph shows the value of the SMCB book which continues to decline even though the value of the SMCB book is still above the Rp1000 figure, but this indicates that if the SMCB is liquidated, then that amount can be received by the SMCB shareholders per share.

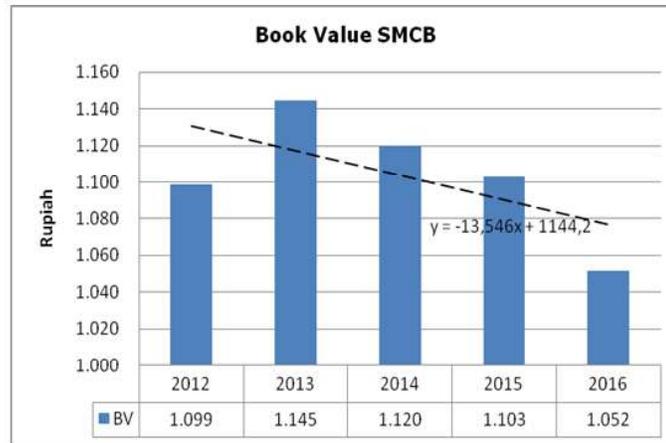


Figure 19. Book Value Movement Chart / PT Holcim Indonesia Tbk Book Value 2012-2016

3.4. Ratio Analysis of PT Holcim Indonesia Tbk's Stock Performance

Price per Earning Ratio

The following is a graph of the comparison of Price per Earning Ratio of SMCB and Industry Average.

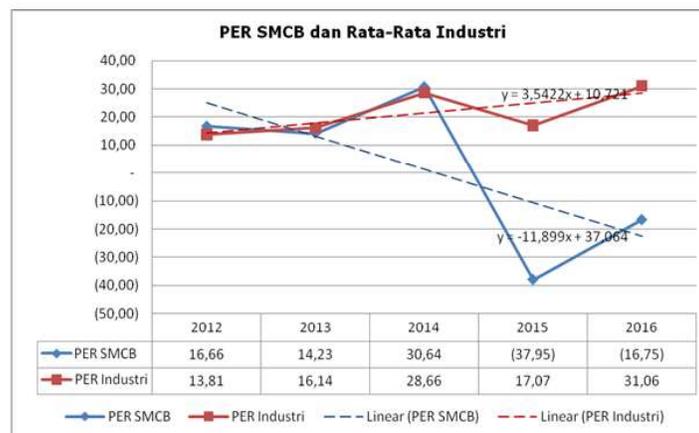


Figure 20. Chart of Comparison of PT Holcim Indonesia Tbk PER Ratios and Industry Average for 2012-2016

The graph shows the PER ratio owned by the SMCB and the average PER ratio of the industry has the opposite trend. In 2012, the SMCB PER was above the industry average PER which means that in that year the SMCB price could be said to be relatively expensive because it was overvalued where with the existing market price of 2900, investors had to pay to get EPS of Rp. 174. So that in 2012 investors who already have potential profits in terms of capital gains are advised to sell their shares to buy again at a low price.

But starting in 2013, the SMCB PER began to be below the industry average or undervalued where SMCB shares can be said to be relatively cheap so it is recommended to investors to make purchases and for investors who already have SMCB shares to hold their shares if there is an indication of price increases. But starting in 2015 the SMCB PER became negative, in this condition, the SMCB shares cannot be said to be cheap or expensive due to the negative EPS or losses experienced by the SMCB.

Price per Book Value

The following is a comparison chart of Price Ratio per Book Value of SMCB and Industry Average.

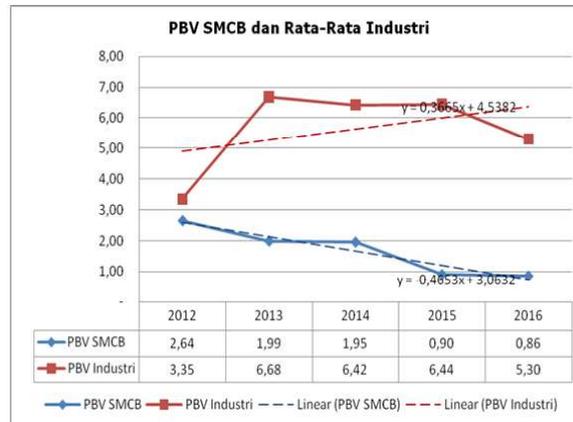


Figure 21. Chart of PT Holcim Indonesia Tbk PBV Ratio and Industry Average for 2012-2016

Charts show SMCB PBV trends and industry averages that are also in opposite directions. When viewed based on the PBV ratio, the five-year SMCB share is in an undervalued position because it is below the industry's average PBV line. So that investors are advised to purchase SMCB shares or for investors who have SMCB shares can hold their shares because if viewed from the PBV ratio, SMCB is still able to provide returns from the book value owned by SMC

4. Conclusion

The following is a summary of the analysis of the financial performance and performance of the shares of PT Holcim Indonesia Tbk and the Industry Average.

Based on the research and analysis carried out, it can be concluded that there are several things regarding the financial performance and performance of PT Holcim Indonesia Tbk shares starting in 2012-2016.

1. In financing its business, PT Holcim Indonesia Tbk is more dominant in using debt and continues to increase. However, the ability to make interest payments is decreasing due to PT Holcim Indonesia's profit which also declined over the five years. Then based on debt turnover, PT Holcim Indonesia's debt turnover is smaller than the industry average and debt turnover and the average debt life is slower than the receivable turnover and the average age of accounts receivable.
2. PT Holcim Indonesia Tbk's asset management shows that during these five years PT Holcim Indonesia Tbk focused on expanding or expanding its business, evidenced by the presence of three developments and one acquisition activity. However, this does not immediately have a good impact on sales and profits, even though the construction is completed, where expansion is a long-term investment so that the visible returns will not be directly obtained. Especially because these activities are carried out when the industrial conditions are in an oversupply condition, so the demand for cement also decreases even though the production can be higher.
3. There is a good thing about PT Holcim Indonesia Tbk's asset management, namely that inventory turnover and accounts receivable turnover owned by PT Holcim Indonesia Tbk is better than the industry average.
4. In terms of profitability, PT Holcim Indonesia Tbk is able to generate sales that tend to be stable over the five years compared to the industry average which has declined. However, cost inefficiencies that occur both in the cost of goods sold and operating costs make PT Holcim Indonesia Tbk experience a decline in profits to experience losses in 2015 and 2016.
5. The market price of PT Holcim Indonesia Tbk's stock for five years continued to decline due to the external conditions that occurred so that the entire market price of the cement company's stock declined. However, the stock market price of PT Holcim Indonesia Tbk declined further due to the company's performance also declined. Then based on fair value analysis, PT Holcim Indonesia Tbk's shares are

currently in an undervalued position, which is relatively cheap so investors are advised to buy and/or hold PT Holcim Indonesia Tbk shares.

Table 4. PT Holcim Indonesia Tbk Performance Summary in 2012-2016

Remarks	Average (Period of 2012-2016)	
	PT Holcim Indonesia Tbk	Average of Industry
FINANCIAL PERFORMANCE		
PROFITABILITY		
Profitability :		
HPP/Sales (%)	71	61
BO/Sales (%)	16	15
Operating Profit Margin (%)	13	24
Return on Asset (%)	4	11
Asset Management		
Activity and Profitability:		
Fixed Asset Turn Over (X)	0,69	1,09
EBIT/Fixed Asset (%)	10	27
Inventory Turn Over (X)	11,21	6,45
Account Receivable Turn Over (X)	9,56	7,55
Liquidity:		
Current Ratio (X)	0,75	2,18
Finance		
Solvency Ratio:		
Debt to Asset Ratio (%)	47	29
Debt to Equity Ratio (%)	93	41
Coverage :		
TIE (X)	6,51	24,64
Activity :		
Account Payable Turn Over (X)	0,96	1,40
SHARES PERFORMANCE		
Market Ratio :		
PER (X)	1,37	21,35
PBV (X)	1,67	5,64

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