# Comparative Analysis of Financial Performance Of Automotive Subsector Companies on The Indonesia Stock Exchange Before and During The PPnBM Policy

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**ABSTRACT**
This study aims to analyze the comparison of financial performance of automotive subsector companies listed on the Indonesia Stock Exchange (IDX) before and during the implementation of the Luxury Goods Sales Tax (PPnBM) policy. The PPnBM policy was established as a stimulus to encourage the sale of motor vehicles that experienced a significant decline due to the pandemic. The research method used is quantitative analysis with a comparative approach, where the company's financial data is analyzed using financial ratios such as Gross Profit Margin, Current Ratio, Debt To Equity Ratio, and Total Assets Turn Over. The data used are the financial statements of automotive companies for the period before (2018–2020) and during the implementation of the PPnBM policy (2021-2023). The research results show that there is no significant difference in financial performance before and after the PPnBM policy from the calculations of Gross Profit Margin and Current Ratio. Debt To Equity Ratio and there is a significant difference in the Total Assets Turnover ratio.

***Keywords:*** *Financial Performance, Gross Profit Margin, Current Ratio, Debt To Equity Ratio, and Total Assets Turnover*

## 1. INTRODUCTION

The automotive industry is one of the important sectors in Indonesia's economy, playing a significant role in job creation, investment, and contribution to Gross Domestic Product (GDP). However, the COVID-19 pandemic that has swept the world since early 2020 has had a significant impact on this sector. Mobility restrictions, a decrease in public purchasing power, and disruptions in the global supply chain caused a significant decline in vehicle sales. To respond to the pandemic's impact on the automotive industry, the Indonesian government issued a policy to relax the Luxury Goods Sales Tax (PPnBM) for motor vehicles in 2021. This policy aims to encourage vehicle demand, increase public purchasing power, and support national economic recovery. With this policy, the prices of vehicles that meet certain criteria have decreased, which is expected to increase sales volume and ultimately improve the financial performance of automotive companies. Here are the sales data for the automotive sub-sector.

Table 1 Automotive Subsector Sales Data for the Second Quarter The years 2019 and 2020

| Kode | Q2 2019 | Q2 2020 | Naik/Turun |
|---|---|---|---|
| ASII | Rp 116,182,000,000,000 | Rp 89,795,000,000,000 | 23% |
| AUTO | Rp 7,588,345,000,000 | Rp 5,653,408,000,000 | -25% |
| BRAM | Rp 1,796,371,359,813 | Rp 1,057,232,539,618 | -41% |
| BOLT | Rp 592,757,495,788 | Rp 373,897,079,291 | -37% |
| GDYR | Rp 910,836,671,507 | Rp 651,809,536,238 | -28% |
| GJTL | Rp 7,663,151,000,000 | Rp 5,927,135,000,000 | -23% |

| | | | |
|---|---|---|---|
| IMAS | Rp 9,581,872,699,317 | Rp 7,380,016,034,885 | -23% |
| INDS | Rp 1,018,024,481,551 | Rp 809,063,276,642 | -21% |
| LPIN | Rp 40,624,155,136 | Rp 43,615,639,461 | 7% |
| MASA | Rp 2,273,801,009,469 | Rp 1,514,126,241,143 | -33% |
| SMSM | Rp 881,389,000,000 | Rp 660,990,000,000 | -25% |

Table 1 presents sales data from the automotive sub-sector for the second quarter of 2019 and 2020. ASII's sales fell by 23% in the second quarter of 2020 compared to the second quarter of 2019, and this decline in sales also occurred in the company AUTO, which dropped by 25%, BRAM by 41%, BOLT by 37%, GDYR by 28%, GJTL by 23%, IMAS by 23%, INDS by 21%, MASA by 33%, SMSM by 25%. In this sub-sector, only one company, LPIN, experienced an increase of 7%. The decline in car sales certainly affects the Indonesian economy. In light of this, the government is making efforts to revive car sales in Indonesia by providing a Luxury Goods Sales Tax (PPnBM) incentive, effective from April 1, 2020. Mardiasmo (2019) stated that PPnBM is an additional levy alongside VAT. PPnBM is only imposed once at the time of the transfer of luxury taxable goods. In Indonesia, there is an implementation of the luxury goods sales tax (PPnBM) on automotive products, especially cars.

The high sales of cars in Indonesia also mean high state revenue from the luxury tax, so it can be said that the automotive industry is one of the pillars of the economy in Indonesia. With the decline in consumer demand during the COVID-19 pandemic, many companies experienced a significant drop in sales, which in turn caused their financial performance to decline. According to Zarkasyi (2018), financial performance is something produced or the results achieved by a company. One aspect that can be reviewed in the performance evaluation design is the increase in sales. All of these are included in a report that describes the financial development of the company over a specific period. The report is usually referred to as a financial statement. Warren, Reeve, and Duchac (2018), Financial statements are summaries of an entity's financial information created to assist in economic decision-making by various stakeholders.

With the COVID-19 pandemic, automotive companies are experiencing profitability issues because people's purchasing power has decreased, which in turn affects the company's profits. Kasmir (2019), the profitability ratio is a ratio used to measure a company's ability to generate profit compared to its assets, sales, and equity. This ratio reflects the efficiency and effectiveness of management in managing resources to obtain profits. In this study, the profitability ratio is viewed from the GPM (Gross Profit Margin). Large-Scale Social Restrictions can impact the difficulty in paying short-term debts. Brigham & Houston (2021), the liquidity ratio reflects the company's ability to meet its short-term obligations using current assets. If the liquidity ratio is high, the company is considered to have a more secure financial position in facing short-term obligations. In this study, the liquidity ratio is viewed from the CR (Current Ratio). During the COVID-19 pandemic, it is necessary to calculate the company's ability to meet long-term obligations, typically more than one year, in order to assess the financial health of the autonomous company. In this study, the solvency ratio is viewed from the DER (Debt To Equity Ratio). and it is also necessary to measure the company's asset capability to generate income, because the faster the company's assets turnover, the greater the income and The Activity Ratio in this study is viewed from the Total Assets Turn-Over (TATO).

## 2. METHODOLOGY

This research is a comparative study of automotive companies. The company has gone public and is listed on the Indonesia Stock Exchange (IDX). The data required for this research are secondary data in the form of financial statements from 2018 to 2023. All the financial statement data used in this research is sourced from the official IDX website, (idx.co.id, n.d.). In this study, the sampling technique used is purposive sampling with the criteria of automotive subsector companies listed on the Indonesia Stock Exchange and manufacturing companies in the automotive sector.

## 3. DISCUSSION

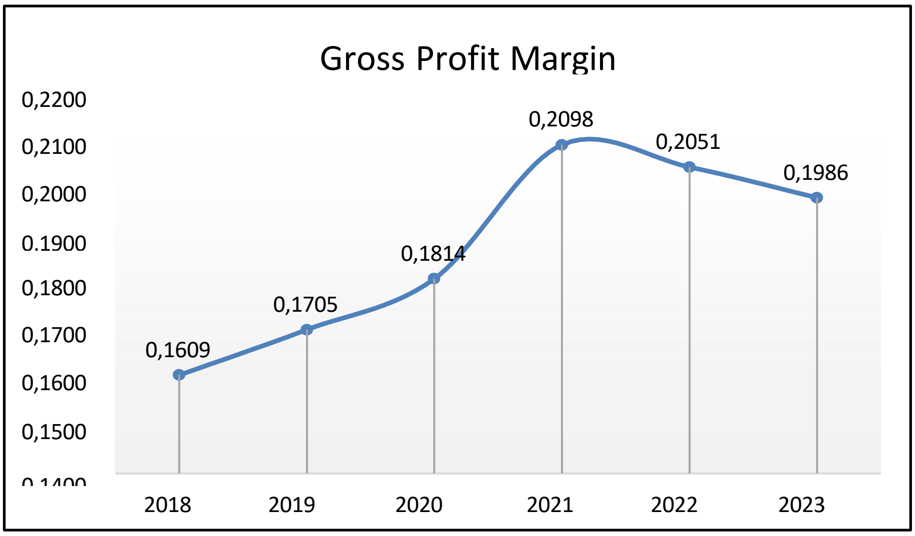


Figure 1. Gross Profit Margin (GPM)

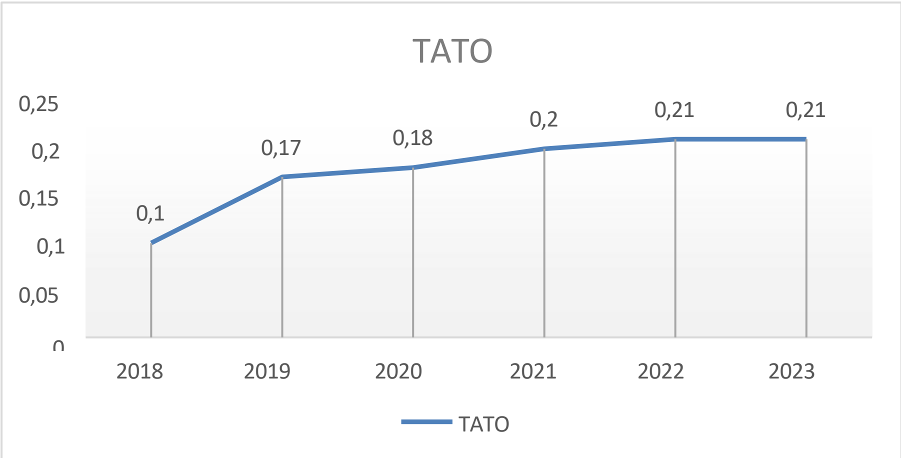


Figure 2. Current Ratio (CR)

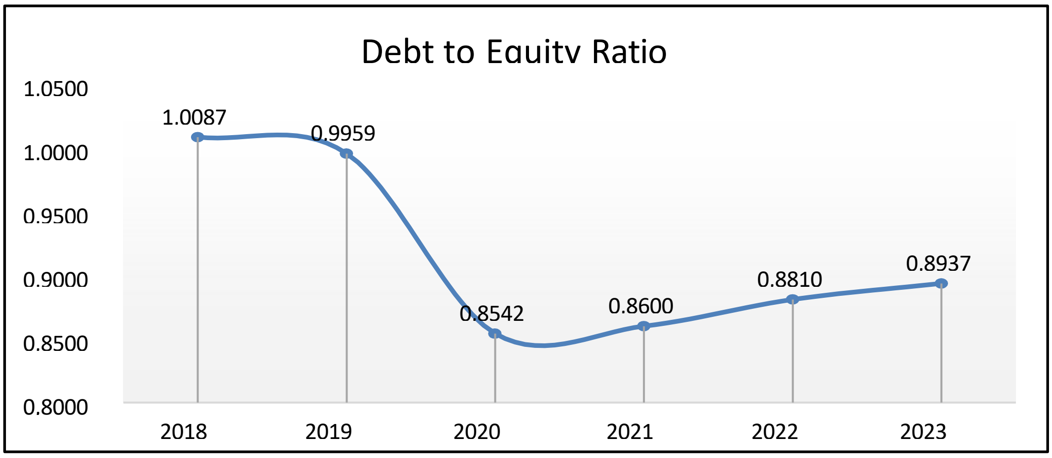


Figure 3. Debt toEiquity Ratio (DEiR)

The objective of this research is to determine whether there is a difference in financial performance before and during the PPnBM policy, measured using the variables Gross Profit Margin, Current Ratio, Debt To Equity Ratio, and Total Assets Turnover in companies operating in the automotive subsector listed on the Indonesia Stock Exchange. The following will be explained regarding the results of the answers in this research, as follows:

Gross Profit Margin is the percentage of each remaining sales result after the company pays the cost of goods sold. The higher the gross profit margin, the better, and relatively, the lower the cost of goods sold. Based on the results of the Wilcoxon Signed Rank Test, the Gross Profit Margin (GPM) obtained an Asymp. Sig (2-tailed) value of 0.261 > 0.05. This result indicates that due to the similar impact of the PPnBM 19 policy on the entire industry and the automotive sector, there is an efficient cost adjustment and the ability to transfer the tax burden to consumers. External factors such as market uncertainty and the adjustment of company strategies to pandemic conditions can play a major role, thus the direct effect of the PPnBM policy on GPM becomes relatively limited. Based on that explanation, it states that there is no significant difference in financial performance before and after the PPnBM policy on automotive subsector companies when viewed from the liquidity ratio that can be seen in the Gross Profit Margin. This is relevant to the research conducted by Pradhana et al. (2022), which found that the gross profit margin significantly affects the comparison of the PPnBM policy on automotive companies.

Current Ratio (Current Ratio) is a ratio that assesses the Company's ability to pay its obligations by comparing the current assets owned by the Company with the current liabilities that must be settled. The low current ratio indicates that the Company has little capital to settle short-term obligations. Based on the results of the Wilcoxon Signed Rank Test, the Current Ratio (CR) obtained an Asymp. Sig (2-tailed) value of 0.084 > 0.05. This result indicates that there is minimal difference due to the PPnBM policy affecting the financial performance of companies in the automotive sector. The CR ratio analysis shows stability or minimal changes in the company's capital structure and financial viability, caused by factors outside the PPnBM policy. Based on the explanation, it is stated that there is no significant difference in financial performance before and after the PPnBM policy when viewed from the liquidity ratio as seen in the Current Ratio. This is relevant to the research conducted by Misykatul (2021), which indicates a significant impact on the PPnBM policy of automotive companies listed on the IDX in 2017 – 2018.

The Debt To Equity Ratio (DER) is a ratio used to determine the extent of the comparison between the amount of funds provided by creditors and the amount of funds originating from the company's owners. Based on the results of the Wilcoxon Signed Ranks Test, the Debt To Equity Ratio (DER) obtained an Asymp. Sig (2-tailed) value of 0.844 > 0.05. This result indicates that there is no significant financial difference before and during the PPnBM policy, which does not have a direct impact on the company's capital structure in managing its debt before and during the policy, and there are other internal policies implemented by the company to maintain the DER ratio stable. Although the PPnBM policy can also affect the financial performance of companies in the automotive sector, it is not entirely related to the PPnBM policy. This indicates that there is no significant difference in financial performance before and during the PPnBM policy when viewed from the solvency ratio, as seen in the results of the Debt To Equity Ratio test. This is relevant to the research conducted by Misykatul (2021), which states that the Debt to Equity Ratio significantly affects the PPnBM policy of automotive companies listed on the IDX.

Total Assets Turn Over (TATO) which is a ratio useful for measuring a company's ability to generate sales from total assets. Based on the results of the Wilcoxon signed ranks test, the total assets turnover (TATO) obtained an Asymp. Sig (2-tailed) value of 0.002 < 0.05. This result indicates that the change in the PPnBM policy can affect the level of car sales. Changes in tax rates can alter car prices, affect consumer demand, and ultimately impact TATO because they influence asset turnover or sales. A decrease in car sales will lower TATO because the assets are not used as efficiently as before. The results indicate that there is a significant difference in financial performance before and after the PPnBM policy.

## 4. CONCLUSION AND RECOMMENDATION

Based on the results of the research that has been conducted, the following conclusions can be drawn:
1. Based on the results of the Wilcoxon Signed Rank Test, there is no significant difference in financial performance before and after the PPnBM policy when viewed from the Gross Profit Margin, liquidity ratio on the Current Ratio, and Debt To Equity Ratio.
2. Based on the results of the Wilcoxon Signed Rank Test, there is a significant difference in financial performance before and after the PPnBM policy when viewed from the Total Assets Turnover ratio.

***Recommendation***

Based on the above conclusion, there are several research suggestions as follows:
1. It is expected that the company will further improve its financial performance through operational efficiency, product

diversification and innovation, increasing sales and market expansion, as well as implementing sustainability performance.
2. For future researchers, it is expected that they can develop other variables that influence financial performance.
3. It is hoped that future research can use samples from other sectors and improve the research model by adding other research variables to provide more comprehensive financial reports.

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