

# Analysis of Financial Performance with the Approach of Economic Value Added (EVA) and Market Value Added (MVA) On PT WASKITA Concrete Precast TBK for the Period 2018-2022

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## ABSTRACT

This research was conducted by analysing how financial performance with the Economic Value Added (EVA) and Market Value Added (MVA) approaches at PT WaskitaBeton Precast, Tbk. With quantitative descriptive method. The results of the calculation of Economic Value Added (EVA), experiencing a value that fluctuates or experiences instability from 2018-2022. The highest EVA value was in 2020, which was Rp. 3,070,079,325,625, while the lowest EVA value occurred in 2019, which was Rp. 78,224,307,702. Based on the results of the calculation of Economic Value Added (EVA) in 2018-2022, it can be concluded that PT WaskitaBeton Precast, Tbk received a positive EVA value, namely  $EVA > 0$ . The meaning of this result is that the company is able to create economic added value through operational activities so that the company is not only able to pay all its obligations, but also able to generate high profits for the company, so it can be said that the company's financial performance is good. Meanwhile, the results of the calculation of Market Value Added (MVA) in 2018-2022 with the highest value in 2021 amounting to Rp. 5,169,528,336,644,040 and the lowest in 2019 which is Rp. 5,156,617,664,574,070, in 2018 the MVA value also decreased by Rp. 5,158,891,744,010,360. Based on the results of the calculation of Market Value Added (MVA) PT WaskitaBeton Precast, Tbk is positive, namely  $MVA > 0$ , which means that the company has succeeded in increasing the company's wealth.

**Keywords:** Financial Performance, Economic Value Added (EVA), Market Value Added (MVA)

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## I. INTRODUCTION

Analysis of a company's financial statements is basically to determine the level of profitability, solvency level, liquidity level and activity ratio, and the level of risk or health level of a company (Sutrisni, 2009). However, this ratio-based performance measurement is not enough even though it can determine the company's position in the middle of other industries. Measurement using ratio analysis has weaknesses, namely not showing the cost of capital in the calculation and only seeing the final result (company profit) without considering the risks faced by the company (Reimundo, 2014).

PT WaskitaBeton Precast (Waskita Precast) was officially formed as a subsidiary of PT WaskitaKarya (Persero) Tbk (Waskita) on 7 October 2014. Waskita Precast is a precast and ready mix concrete manufacturing company with one of the largest production capacities in Indonesia. The company listed its first shares on the Indonesia Stock Exchange (IDX) on 20 September 2016. After the 2016 IPO, various achievements were successfully received by the company, including winning the Alpha 10th Annual Best Deal & Solution Award Southeast Asia 2016, with the absorption of IPO funds of IDR 5.1 trillion. Then, Waskita Precast was also included in the 2017 Morgan Stanley Capital International (MSCI) Index, the LQ45 Index in early 2018, and the Kompas 100 Index in 2018. In 2019 it received the CSA Award from the Indonesian Securities Analyst Association & CSA Research. And in 2020 also received the Indonesia Construction Safety Award and CEO Safety Leadership Award from A2K4 Indonesia.

PT WaskitaBeton Precast Tbk every year looks fluctuating but tends to decrease the number of both total assets, total liabilities, total equity, total revenue, and for total profit the value fluctuates and tends to

decrease during that period. With the decline in company profits, it can show that the company is less able to maintain the company's financial stability.

## II. THEORY

EVA (Economic Value Added) is a financial performance evaluation method that measures the economic profit generated after taking into account the cost of capital. EVA can be used as a framework to evaluate whether a project or investment generates economic value added for the company. By using EVA, the company can evaluate financial performance holistically by considering the cost of capital spent to support its operations.

Market Value Added (MVA) is a measurement of corporate wealth created for investors. Market Value Added (MVA) is the difference between the company's market value (including equity and debt) and the total capital invested in the company. Market value is the value of the company, i.e. the sum of the market values of all capital claims against the company by the capital markets on a given date. More simply, it is the sum of the market value of debt and equity, invested capital is the amount of capital provided by fund providers on the same date. Its market value which is a function of the capital market's expectation of future cash flows, discounted at the cost of capital, exceeds invested capital, in other words Market Value Added (MVA) is positive.

## III. METHODOLOGY

The type of research used is descriptive, which is a study that only describes the phenomena that occur in the research object sector to assess and find out the events that actually occur. In this study the authors used a sample of financial statements of PT WaskitaBeton Precast Tbk consisting of published financial statements (listed on the IDX) at PT WaskitaBeton Precast Tbk, annual financial statements, balance sheets and income statements with the period 2018-2022.

The data analysis technique used in this study is by presenting tables, graphs, explanatory descriptions and using the financial ratio calculation method (ratio, liquidity, solvency ratio, activity ratio, profitability ratio), economic value added (EVA) method, and market value added (MVA) method.

$$EVA = NOPAT - Capital Charges$$

$$MVA = (\text{Share Price} \times \text{Number of Shares Outstanding}) - \text{Total Equity}$$

## IV. RESULT

The results of the calculation of Economic Value Added (EVA), experienced a value that fluctuated or experienced instability from 2018-2022. The highest EVA value was in 2020, which was Rp. 3,070,079,325,625, while the lowest EVA value occurred in 2019, which was Rp. 78,224,307,702. Based on the results of the calculation of Economic Value Added (EVA) in 2018-2022, it can be concluded that PT WaskitaBeton Precast, Tbk received a positive EVA value, namely  $EVA > 0$ . The meaning of this result is that the company is able to create economic added value through operational activities so that the company is not only able to pay all its obligations, but also able to generate high profits for the company, so it can be said that the company's financial performance is good. Meanwhile, the results of the calculation of Market Value Added (MVA) in 2018-2022 with the highest value in 2021 amounting to Rp. 5,169,528,336,644,040 and the lowest in 2019 which is Rp. 5,156,617,664,574,070, in 2018 the MVA value also decreased by Rp. 5,158,891,744,010,360. Based on the results of the calculation of Market Value Added (MVA) PT WaskitaBeton Precast, Tbk is positive, namely  $MVA > 0$ , which means that the company has succeeded in increasing the company's wealth.

## V. CONCLUSION

Based on the results and discussion presented in the previous chapter, it can be concluded that:

- 1) Based on Economic Value Added during 2018-2022 at PT WaskitaBeton Precast, Tbk has economic added value in the company. This is evidenced by the EVA method during 2018-2022 which achieved a positive value in accordance with the  $EVA > 0$  criteria set by PT WaskitaBeton Precast, Tbk. The assessment of financial performance using the EVA method is very good and has a positive value so that PT WaskitaBeton Precast, Tbk for the 2018-2022 period has succeeded in creating economic added value for the company.
- 2) Based on Market Value Added during 2018-2022 at PT WaskitaBeton Precast, Tbk for the period 2018-2022 has market added value in the company. This is evidenced by the  $MVA > 0$  method that has been determined by PT WaskitaBeton Precast, Tbk. Financial performance using the MVA method at PT WaskitaBeton Precast, Tbk for the 2018-2022 period has succeeded in increasing the company's wealth.

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