

**ANALYSIS OF THE IMPACT OF THE COVID 19 VIRUS PANDEMIC ON THE
FINANCIAL RATIO OF PT INDOFOOD SUKSES MAKMUR**

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Abstract: This research aims to analyze the impact of the COVID-19 pandemic on the financial ratios of PT Indofood Sukses Makmur during the period of 2020-2022. The findings indicate fluctuations and significant declines in several financial ratios, such as Net Profit Margin, Gross Profit Margin, Return on Assets (ROA), and Return on Equity (ROE). These declines may be attributed to decreased revenue, increased operational costs, and changes in consumer behavior due to the pandemic. PT Indofood Sukses Makmur responded to these impacts by implementing strategies for operational efficiency, product diversification, and consumer behavior. Adjustments in marketing strategies. This study provides insights into the importance of company adaptation in facing crises and maintaining financial stability amidst uncertain circumstances.

Keywords: Covid 19, Financial Ratio

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1. Introduction

Economic growth has brought consequences to the increase in trade activities. The emergence of a dependent nature between economic actors with one another regarding the fulfillment of needs, making trade activities increasingly inevitable. Trade today is no longer a difficult thing to do. It is proven that the boundaries that once existed have blurred or are unclear due to technological developments. Distance and time are no longer an obstacle for all economic actors to conduct trade transactions (Tjiptojuwono, 2022).

The number of large national and multinational companies that are established shows how widespread economic activity can occur. These companies play an important role in turning the wheels of the Indonesian economy. They contribute to influencing the high and low levels of transactions that occur in society.

The COVID-19 pandemic that began in 2020 has drastically changed the global economic landscape. On an unprecedented scale, the pandemic has affected various sectors of the economy, including the food and beverage industry. One of the major companies in this sector is PT Indofood Sukses Makmur, which is one of the largest food companies in Indonesia. But has the covid 19 pandemic affected the micro economy? (Ministry of Finance, 2020).

As a company operating in the food and beverage sector, PT Indofood Sukses Makmur is not immune to the impact of the COVID-19 pandemic. In the period 2020-2022, the company faces various challenges and significant changes in business conditions. Economic lockdowns, changing consumer habits, and supply chain disruptions are just a few examples of the impacts that the company may feel.

Analyzing the impact of the COVID-19 pandemic on the financial ratios of PT Indofood Sukses Makmur is very relevant. Financial ratios are an important tool in evaluating the financial performance of a company. Through this analysis, we can see how the COVID-19 pandemic has affected the financial performance of this company, including aspects of profitability, efficiency, and financial stability.

The research for this final project will discuss the analysis of "Analysis of the Impact of the Covid 19 Virus Pandemic on the Financial Ratios of PT Indofood Sukses Makmur for the 2020- 2022 Period. The author will use annual financial statements, income statements, balance sheets, and. This data will be used to calculate and compare relevant financial ratios, as well as see trends and changes that occur during the period. It is hoped that the results of this analysis can provide a better understanding of the impact of the COVID-19 pandemic on the financial performance of PT Indofood Sukses Makmur, as well as provide insights for company management in facing future challenges that may arise.

2. Research Method

This research adopts a descriptive analysis method to examine the financial performance of PT Indofood Sukses Makmur during the COVID-19 pandemic, focusing on the period from 2020 to 2022. The research uses secondary data sourced from financial statements, including annual reports, income statements, and balance sheets, which are obtained from the official website of the Indonesia Stock Exchange (IDX). These data are systematically compiled and analyzed to calculate key financial ratios such as Net Profit Margin (NPM), Gross Profit Margin (GPM), Return on Assets (ROA), Return on Equity (ROE), and various tax-related ratios, including the Effective Tax Rate (ETR) and Tax Burden Ratio. These ratios serve as indicators to evaluate the company's profitability, efficiency, financial stability, and tax management performance during the pandemic.

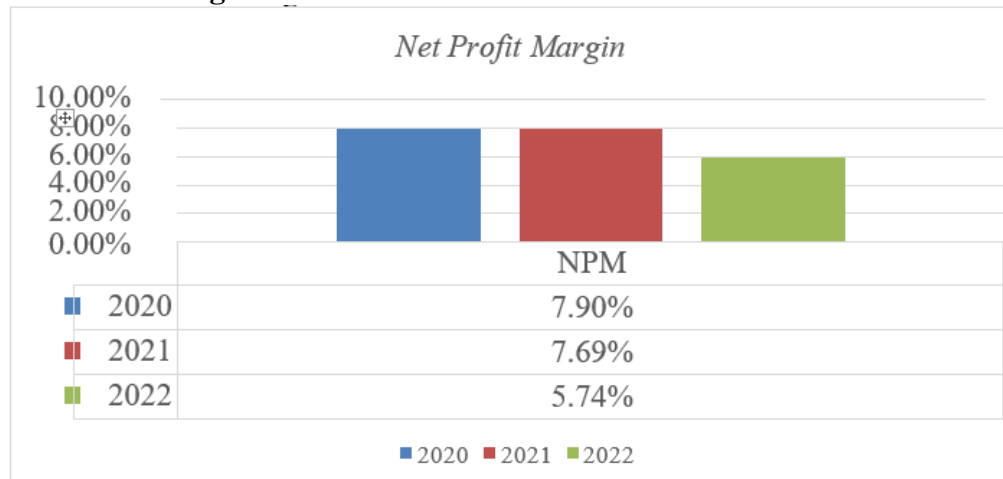
The analysis compares the company's financial data over three years—2020 (pre-pandemic), 2021 (mid-pandemic), and 2022 (post-pandemic)—to identify trends and assess the pandemic's impact. By interpreting these financial ratios, the study highlights how PT Indofood Sukses Makmur adapted to challenges such as supply chain disruptions, operational restrictions, and shifting consumer behavior. While focusing on quantitative data, this research acknowledges the limitation of excluding qualitative insights, such as management perspectives or market dynamics, which could provide further context. Nevertheless, the study aims to offer a comprehensive understanding of the financial implications of the pandemic and provide valuable insights for future decision-making by the company.

3. Results and Discussion

3.1. Results

1. Profitability Ratio Analysis of PT Indofood Sukses Makmur

a. Net Profit Margin

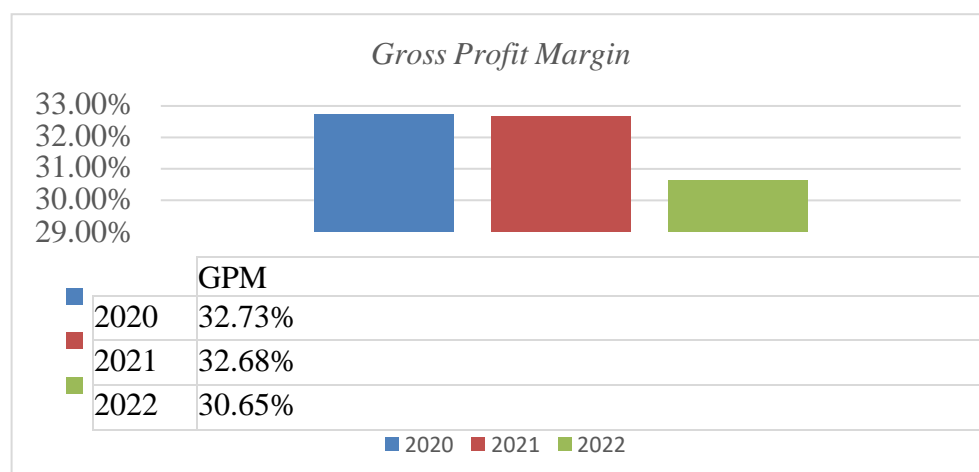


There was a decline in PT Indofood Sukses Makmur's Net Profit Margin from 7.90% in 2020 to 7.69% in 2021, and then a further decline to 5.74% in 2022. This decline indicates that the company has decreased efficiency in generating net profit.

However, the company's revenue continues to increase every year, which means that the pandemic only affects the increase in expenses borne by the company, thereby reducing the profit that the company can make. It is inversely proportional to consumer demand which increases every year seen from the company's revenue.

The decline in Net Profit Margin could be due to several factors related to the impact of the COVID-19 pandemic, including: An increase in operating costs as the pandemic affects the supply chain and availability of raw materials, which may lead to an increase in production and distribution costs. Reduced profit margins as increased competition amidst the pandemic and pricing policies required to maintain market share may reduce the company's profit margins.

b. Gross Profit Margin

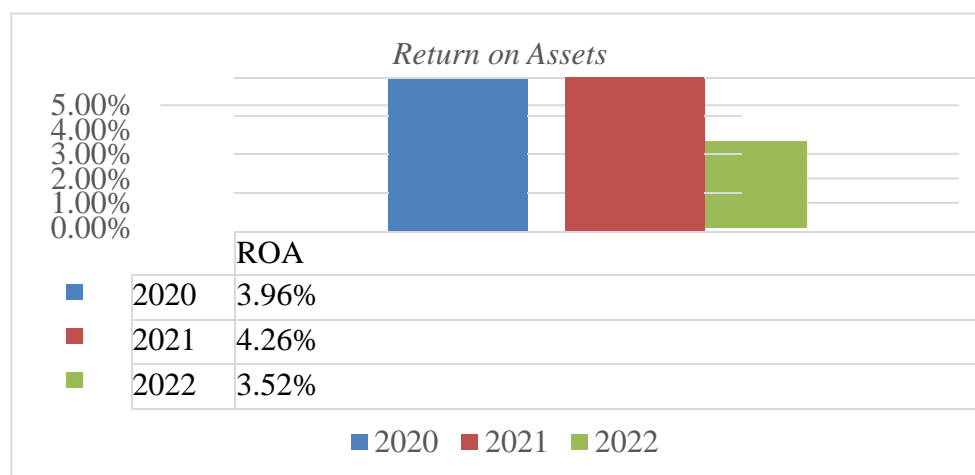


In the period 2021-2023, the Gross Profit Margin of PT Indofood Sukses Makmur showed a decline. The figures are 32.73% (2020), 32.68% (2021), and 30.65% (2022). Although the decrease in 2021 is relatively small, the decrease from 2021 to 2022

indicates a decrease in efficiency in generating gross profit from sales. The decrease in the ratio value was caused by a decrease in the increase in gross profit value which was unable to offset the increase in revenue.

The decline in Gross Profit Margin may be affected by several factors related to the impact of the COVID-19 pandemic, such as: increased COGS, operational restrictions, and business closures, which may negatively impact the gross profit rate. Increased production costs due to disruptions in the supply chain, fluctuations in raw material prices, and government policies affecting operations may lead to increased production costs, thereby reducing the level of gross profitability.

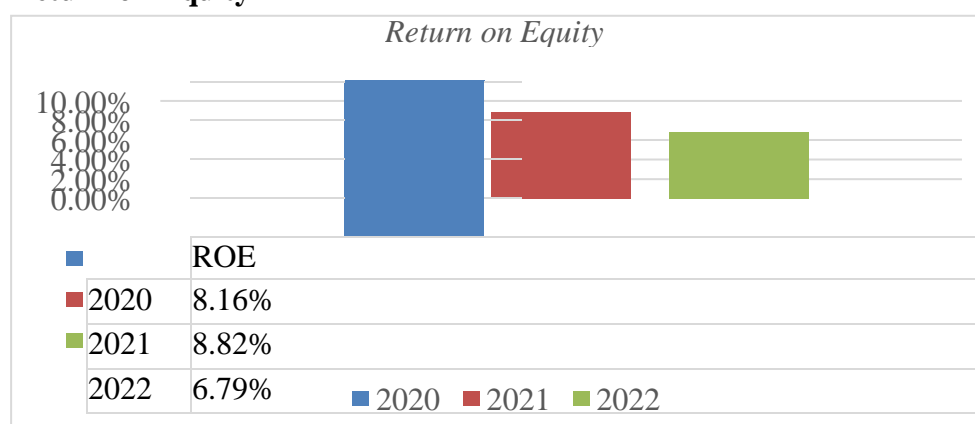
c. Return on Assets



In the period 2020-2022, the ROA of PT Indofood Sukses Makmur fluctuated. The ROA values are 3.96% (2020), 4.26% (2021), and 3.52% (2022). Despite the fluctuations, the general trend shows that ROA has increased from 2020 to 2021, but has decreased in 2022. This means that the increase in the company's total assets is greater than the increase in the company's ability to earn net profit based on its assets.

The higher the ROA value, the better the company's financial performance in generating profits from its assets. ROA can also be used to compare financial performance between companies in the same industry. Unfortunately, the ROA ratio value in 2022 is actually lower in 2022 than the pandemic year in 2020, which shows that the company still has not managed to achieve the same results as in 2020.

d. Return on Equity



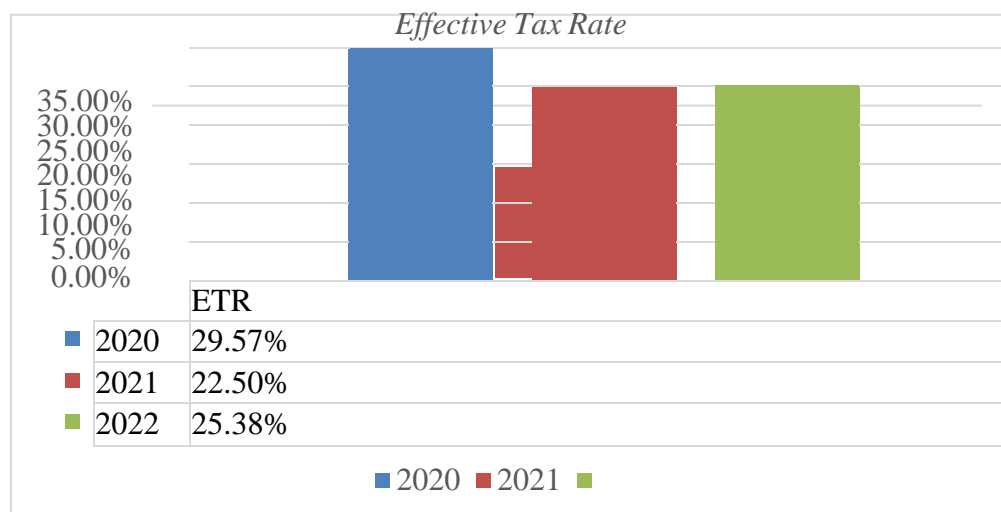
Return On Equity is an analysis to measure the level of the company's ability to generate net income based on its capital. The higher the ROE value, the better the company's performance. The average fiscal year ROE value of a company in Indonesia is 10%.

In the period 2020-2022, PT Indofood Sukses Makmur's ROE fluctuated. The ROE values are 8.16% (2020), 8.82% (2021), and 6.79% (2022). Despite the fluctuations, the general trend shows that ROE has increased from 2020 to 2021, but has decreased in 2022. However, the overall ratio value from 2020 to 2022 is still below the average of companies in Indonesia, which means that the company does not show good performance in generating profits from its capital.

A decrease in ROE can be caused by several factors such as disruption of production supply, increase in production costs, and decrease in asset value. The Indonesian government also made changes to fiscal and monetary policies to overcome the economic impact of the pandemic can affect ROE.

2. Tax Ratio Analysis of PT Indofood Sukses Makmur

a. Effective Tax Rate

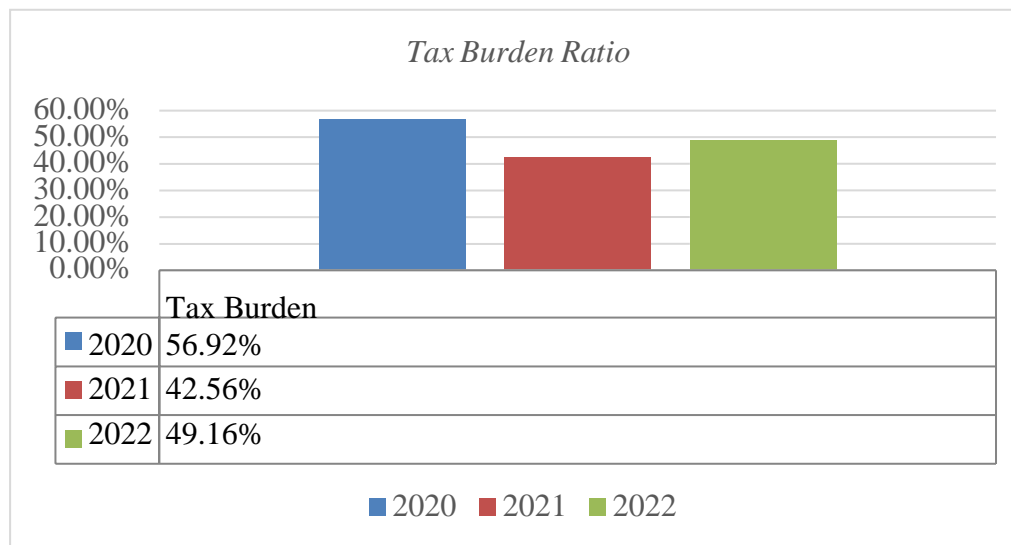


Effective Rate Ratio shows the ratio between the tax burden borne by the company and the profit it receives. ETR is used to see the effectiveness of corporate tax management performance. However, an ETR that is too low may indicate that the company is doing tax avoidance.

In the period 2020-2022, the ETR of PT Indofood Sukses Makmur fluctuated. The ETR values are 29.57% (2020), 22.50% (2021), and 25.38% (2022). Despite the fluctuations, the general trend shows a decrease in ETR from 2020 to 2021, but an increase in 2022.

The ratio value must at least be higher than 22% which is the corporate income tax rate so that the company avoids indications of doing Tax Avoidance. During the 2020-2022 period, the company's ratio value was still consistently above 22%, so it could be said that the company avoided indications of doing Tax Avoidance.

b. Tax Burden Ratio



Tax Burden Ratio is obtained from the comparison between tax expense and net income. The ratio between tax expense and net income can provide an overview of the amount of tax burden that must be borne by the company compared to the profit generated. If the ratio is high, it means that the tax burden that must be borne by the company is relatively large compared to the profit generated. This may indicate a possible problem in corporate tax management, such as the lack of an effective tax expense reduction strategy. Conversely, if the ratio is low, it means that the tax burden that must be borne by the company is relatively small compared to the profit generated. This may indicate that the company has successfully carried out good and effective tax management.

In the period 2020-2022, the Tax Burden Ratio of PT Indofood Sukses Makmur fluctuated. The Tax Burden Ratio values are 56.92% (2020), 42.56% (2021), and 49.16% (2022). Despite fluctuations, the general trend shows a decrease from 2020 to 2021, but an increase in 2022. This indicates that the tax burden that companies must bear is relatively lower during the pandemic because the value of the consistent ratio is lower than 2020. Changes in fiscal and monetary policy by the government are one of the factors that have contributed to this. factors affecting the decrease in tax burden.

c. Tax To Revenue Ratio

This ratio is used to measure how much the tax burden that must be borne by the company in relation to its income. This ratio can provide an overview of the company's ability to pay taxes and how much tax burdens the company. If the TTR value is high, then this indicates that the company pays more taxes than its income. Conversely, if the TTR value is low, the company pays less tax than its income.

Based on the period 2020-2022, the Tax to Revenue Ratio of PT Indofood Sukses Makmur has decreased consistently. The Tax to Revenue Ratio values are 4.50% (2020), 3.27% (2021), and 2.82% (2022). This means that the company's tax burden continues to decline. This trend shows that the company faced a decrease in tax burden to revenue during the period. This decrease occurs because the pandemic can cause an

increase in corporate income, and changes in tax rates provided by the government in the face of the covid 19 pandemic, thus reducing the taxes that must be paid.

3.2. Discussion

Based on the results of the research and discussion that has been carried out on the impact of the Covid 19 virus pandemic on the financial ratios of PT Indofood Sukses Makmur for the 2020- 2022 period, the following findings were found:

Based on the analysis of the profit ratio of PT Indofood Sukses Makmur, it is found that the company's ability to generate revenue and gross profit is good. The increase occurred from 2020 to post-pandemic covid 19 (2022) although not as big as the increase in revenue.

The results of the tax ratio analysis carried out by the tax burden borne by PT Indofood continued to decline from 2020 to the post-covid 19 pandemic (2022). This decline occurred due to several government policies to ease the tax burden for post-covid economic recovery.

Based on the tax ratio analysis, PT Indofood experienced a decrease in net profit from 2020-2022 which resulted in a decrease in NPM and GPM. A decrease also occurred in the value of the ROE and ROA ratios. This is due to an increase in operating costs and a reduction in profit margins.

Based on the analysis of the tax ratio of PT Indofood Earning Tax Ratio and Tax Burden has increased in 2022. This means that there is a decrease in the effectiveness of PT Indofood in managing its taxes.

4. Conclusion

Based on the results of the analysis that has been described on the impact of the covid 19 virus pandemic on the financial ratios of PT Indofood Sukses Makmur for the 2020-2022 period, the following conclusions are found:

The covid 19 virus pandemic has a negative impact on PT Indofood's profitability ratio because it results in a decrease in the company's ability to generate profits.

The covid 19 virus pandemic has a positive impact on PT Indofood's tax ratio because the tax burden that must be borne by the company decreases from 2020-2022 due to changes in tariffs set by the government due to the pandemic. This decrease in tax burden resulted in the value of the relative tax ratio decreasing from 2020-2022.

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