

# FINANCIAL PERFORMANCE ANALYSIS USING ECONOMIC VALUE ADDED AND MARKET VALUE ADDED METHOD IN PT GUDANG GARAM Tbk, PT HANJAYA MANDALA SAMPOERNA Tbk AND PT BENTOEL INTERNASIONAL INVESTAMA Tbk

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**Abstract:** The underlying concept of using the *Economic Value Added* (EVA) measurement method is the Management by Open Book (MBOB) which has a brief understanding of openness or transparency. The basis of the MBOB system is that the information received by employees should not only help them do the job effectively, but also to understand how to help the company as a whole in achieving its vision and mission. Using quantitative descriptive research method with research object of PT Gudang Garam Tbk, PT Hanjaya Mandala Sampoerna Tbk and PT Bentoel Internasional Investama in 2011 until 2015, this research giving a description about company's financial performance. Based on the result from research known that PT Gudang Garam Tbk and PT Hanjaya Mandala Sampoerna Tbk produced positive EVA and MVA values for 5 (five) years of the research period. PT Bentoel Internasional Investama Tbk got negative EVA value during the last 4 (four) years of research. Meanwhile, the MVA value of the three companies was positive.

**Keywords:** EVA, MVA



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Economic Value Added (EVA) is an estimate of the actual economic profit of an enterprise for the year concerned, and absolutely different from accounting profit. EVA is residual income remaining after the cost of all capital, including equity capital after deducting expenses, whereas accounting profit is deter-

mined without charging for equity capital. Equity capital has a cost, because the funds given by shareholders may be invested elsewhere where they will of course also get a refund. Shareholders sacrifice the opportunity to invest their funds elsewhere while providing capital to a particular company. The refunds gained elsewhere on investment with the same level of risk reflect the cost of capital equity. This cost is more of an opportunity cost than the cost of accounting, but the cost is still quite real.

The theoretical basis of the EVA concept is presented in an academic paper published between

1958 and 1961 by two financial economists, Merton H. Miller and Franco Modigliani, who won the Nobel Prize in economics. They argue that economic income is the source of value creation in the firm and that the rate of return (cost of capital) is determined based on the level of risk assumed by the investor. Unfortunately, Miller and Modigliani do not provide techniques to measure the economic profit in a company.

After nearly three decades, the term EVA began to appear. At the beginning, the term was launched by Stern Stewart Management Service, a consulting firm in the United States in 1989. The concept of EVA was popularized by G. Bennet Stewart III (1991), Managing Partner of Stern Stewart & Co. in his book "The Quest for Value" in 1991. Since then more than 300 companies worldwide have adopted that disciplines, such as Coca Cola, Quaker Oats, Boise Cascade, Briggs & Stratton, Lafarge, Siemens, Tate & Lyle, Telecom New Zealand, Telstra, Monsanto, SPX, Herman Miller, JC Penney and US Portal Service.

EVA is a measure of corporate management success in increasing the value added for the company. If in the calculation of financial ratios in practice only measure how much profit generated without considering the cost of capital used, then in this EVA method is a complement. EVA shows the added value that occurs during a particular year, while the MVA reflects the company's performance throughout its life. EVA can be assigned to each division or other units of a large company, while MVA should be applied to the company as a whole.

Benefits that can be obtained by companies in using EVA is an assessment of the company's financial performance because the performance appraisal is focused on value creation, EVA will make the company pay more attention to capital structure policy, EVA makes management think and act like a shareholder in choosing an investment that provides the maximum rate of return and minimize capital costs, so that company value can be maximized and can be used to identify activities or projects that provide higher returns than their capital costs.

The benefit of calculating MVA itself is not only to measure the performance of the company's financial report but also to measure the value of the company. This can be shown on the apparent capital market value of the firm's stock price.

The calculation of the value of EVA and MVA is beneficial to investors in anticipation before taking a decision in investing. Whether the company's manager able to make the market value increase from year to year, which indicates that the manager of the company will be able to give more value to the capital invested by the investor. It can also be used as an assessment in increasing the wealth of the company's shareholders.

Based on the financial report of the central government (APBN) in 2015 can be seen that the cigarette industry in Indonesia for 5 years (2010-2014) accounted for an average of 9.2% of total tax revenues (about Rp 443 trillion). This makes excise tax as one of the main contributors to state revenues.

"The condition of the cigarette industry that still prevails during the monetary crisis in Indonesia in 1997-1998 ago. While other industries recorded a decrease in income, even went bankrupt.

Based on the YLKI chairman's statement, the cigarette industry is very interesting to do in research. In addition, to the variety of regulations applicable to the cigarette industry does not currently affect the cigarette industry in Indonesia, especially for companies that go public. Some regulations governing the current cigarette industry can be grouped into five categories: Production, Sales, Purchasing, Broadcasting, and Usage. In the five categories, each has sub-categories again. For example, the tax law under UU No. 39 of 2007 amended part of UU No. 11 of 1995 on Excise, Regulation of the Minister of Finance No. 205 PMK / 11/2014 on the increase of excise tariff and UU No. 28 of 2009 regulates regional taxes and regional charges.

## **RESEARCH METHODS**

This research is categorized into descriptive research using quantitative approach. According to

Bambang Supomo, et al., (2012: 26) descriptive research is a study that attempts to describe and interpret something, such as existing conditions or relationships, opinions developing, ongoing processes, effects or effects that occur, or a tendency happened.

This research using a quantitative approach because it fulfilled the specifications of systematic, planned, structured, and obviously from the beginning to the end of the study. According to Sugiyono and Untung (2012:7) research with quantitative methods because the research data in the form of numbers and analysis using statistics.

The object of the research is PT. Gudang Garam Tbk, PT Hanjaya Mandala Sampoerna Tbk and PT Bentoel Internasional Investama Tbk which is engaged in the cigarette industry located in Indonesia. The time of research is conducted from September to November 2016 by examining company performance (Annual Report) for 5 periods (5 years) starting from 2011 until 2015.

The type of data used is quantitative data in the form of financial statements GGRM, HMSP, and RMBA in 2011-2015. Data sources used are secondary data obtained from Indonesia Stock Exchange (IDX) through IDX Corner in Faculty of Economics and Business, Universitas Brawijaya.

Data collection methods in this study using two techniques: documentation techniques and literature survey techniques.

## RESEARCH RESULT

The tobacco industry (IHT) still has an important role in moving the national economy, especially in tobacco producing areas, cloves, and cigarette production centers, among others in growing industries / related services, provision of agribusiness and employment (bapeda.bandungkab.go.id).

The Tobacco Products Industry has priority to be developed for processing natural resources, absorbing large enough workforce both directly and indirectly so as to contribute to state revenue (excise). However, today's IHT is faced with various issues such as the health-related impact of smoking globally sponsored by WHO as Framework Convention on Tobacco Control (FCTC) and at the

national level controlling tobacco products contained in Government Rule, PP No.19 of 2003 on Security Cigarettes for Health.

Based on the company's annual report in 2015, issued by the company in 2016, PT Gudang Garam Tbk is a leading clove (kretek) cigarette manufacturer that is synonymous with Indonesian culture which is one of the main centers of the spice trade in the world. With a total population of nearly 250 million people, the Indonesia is a large and diverse consumer market with a significant percentage of adult smokers, an estimated 68% of adult males in Indonesia are smokers. Based on Nielsen market research, by the end of 2015 Gudang Garam has a domestic cigarette market share of about 21.5% with products that are well known by the people throughout the archipelago.

Based on the annual financial report of the company in 2015, PT Hanjaya Mandala Sampoerna Tbk (Sampoerna) is a leading Indonesian cigarette company. The Company produces a number of well-known clove (kretek) cigarette brand groups, including Sampoerna A, Sampoerna Kretek, Sampoerna U, and Dji Sam Soe, which is the legendary "Kretek King".

PT Hanjaya Mandala Sampoerna Tbk is a subsidiary of PT Philip Morris Indonesia (PMID) and an affiliate of Philip Morris International Inc. (PMI), the world's leading international tobacco cigarette company. In 2015, Sampoerna managed to gain a market share of 35.0% of the tobacco market in Indonesia.

PT Bentoel Internasional Investama Tbk (Bentoel Group) is part of BAT Group, the second largest tobacco group in the world based on global market share with brands sold in more than 200

### Calculation of the Cost of Debt Capital PT. Gudang Garam Tbk. Period 2011-2015

Notes	2011	2012	2013	2014	2015
a. Interests burden (Rp)	87,120	82,540	81,666	91,583	78,105
b. Debt Total (Rp)	1,003,458	1,101,295	1,259,400	1,208,746	1,452,418
c. Interests (a/b)	0.09	0.07	0.06	0.08	0.05
d. Tax	0.25	0.25	0.25	0.25	0.25
e. Correction Factor (1-T)	0.75	0.75	0.75	0.75	0.75
f. Debt Capital cost = c x e	0.065	0.049	0.057	0.057	0.057

Source: Data, 2016

**Calculation of the Cost of Debt Capital  
PT. Hanjaya Mandala Sampoerna Tbk.  
Period 2011-2015**

Notes	2011	2012	2013	2014	2015
a. Interests burden (Rp)	48,661	49,663	54,212	91,945	99,630
b. Debt Total (Rp)	658,680	1,041,130	1,125,769	1,282,286	1,455,990
c. Interests (a/b)	0.07	0.05	0.05	0.07	0.07
d. Tax	0.25	0.25	0.25	0.25	0.25
e. Correction Factor (1-T)	0.75	0.75	0.75	0.75	0.75
f. Debt Capital cost = c x e	0.055	0.036	0.036	0.054	0.051

Source: Data, 2016

**Calculation of the Cost of Debt Capital  
PT. Bentoel International Investama Tbk.  
Period 2011-2015**

Notes	2011	2012	2013	2014	2015
a. Interests burden (Rp)	25,661	26,930	27,631	31,741	29,555
b. Debt Total (Rp)	257,529	2,289,270	3,710,816	5,698,022	12,369,525
c. Interests (a/b)	0.100	0.012	0.007	0.006	0.002
d. Tax	0.25	0.25	0.25	0.25	0.25
e. Correction Factor (1-T)	0.75	0.75	0.75	0.75	0.75
f. Debt Capital cost = c x e	0.075	0.009	0.006	0.004	0.002

Source: Data, 2016

countries. Based on the company's annual financial report in 2015, it is stated that Bentoel Group is currently the fourth largest cigarette producer in Indonesia with a market share of 7%.

The cost of Debt is the interest rate to be paid by the company to the creditor. The cost of this debt is used to calculate the weighted average cost of capital and is calculated from the interest rate of debt minus the tax savings (correction factor). Components needed to calculate the cost of a company's debt is the amount of debt that requires cost, interest expense, corporate tax rate (T), as well as a tax correction factor, ie 1-T.

The calculation of tax rate is adjusted to the decision of the President of the Republic of Indonesia which on 23 September 2008 ratified the Law of the Republic of Indonesia concerning Income Tax. 36/2008 which is the fourth amendment of the Income Tax Law no. 7/1983. The significant changes regulated in the amendment are the change of the corporate tax rate to a single rate of 28% for the fiscal year 2009 and 25% for the fiscal year 2010.

Based on the information in the table above, it can be seen that amount of capital from debt required by the company increases from year to year. While the cost of capital has decreased from 2011 to 2013 and increased in 2014. While in 2015 de-

clined. Despite the turning conditions, it can be seen that the changes that occurred during 2011 to 2015 are not very significant.

Based on information from the table is also known that the results of the calculation of debt capital costs are not too much different between years. These numbers show relatively similar results, for example in 2011, 2014 and 2015 the cost of capital is in the range of 5%, while in 2012 and 2013 the cost of capital is equal to 3.6%.

As shown in a table, Bentoel company obtained an interesting result because the cost of capital decreased from year to year. What is interesting in the table is when the total debt is higher, but the cost of capital decreases. This can be an interesting thing for investment managers where most of them expect a lot of capital with minimal capital costs. But in this case it is explained that the company gets help without interest, so that number can be said to be normal.

In this capital cost calculation, the cost of debt is calculated from the interest rate of the debt minus the corporate tax rate of flat income of 25% so that the interest is a tax deduction by ignoring PPh 23/26 and PPh 22. So, the greater the interest expense, then the capital cost of the debt Subject to the company will be lower as in a condition that the tax rate is fixed.

Capital structure is a mix of long-term fund sources used by the company, consisting of long-term debt and share capital. This concept is related to long-term liabilities because the returns and risks faced by shareholders are influenced by the financial structure, then the decision on the selection of long-term fund sources will affect the cost of the company's capital. Calculating the capital structure is by determining the composition of debt and share capital of the company.

**Calculation of Capital Structure  
PT Gudang Garam Tbk. Period 2011-2015**

Notes	2011	2012	2013	2014	2015
a. Debt Total (Rp)	1,003,458	1,101,295	1,259,400	1,208,749	1,452,418
b. Capital Share (Rp)	962,044	962,044	962,044	962,044	962,044
c. Capital Total = a+b (Rp)	1,965,502	2,063,339	2,221,444	2,170,790	2,414,462
d. Debt Composition = a/c	0.511	0.534	0.567	0.557	0.602
e. Capt. Share Composition = [1-d]	0.486	0.466	0.433	0.433	0.398

Source: Data, 2016

### Calculation of Capital Structure PT Hanjaya Mandala Sampoerna Tbk. Period 2011-2015

Notes	2011	2012	2013	2014	2015
a. Debt Total (Rp)	658,680	1,041,130	1,125,769	1,282,286	1,455,990
b. Capital Share (Rp)	438,300	438,300	438,300	438,300	465,272
c. Capital Total = a+b (Rp)	1,096,980	1,479,430	1,564,069	1,720,586	1,921,262
d. Debt Composition = a/c	0.600	0.704	0.720	0.745	0.758
e. Capt. Share Composition = (1-d)	0.400	0.296	0.280	0.255	0.242

Source: Data, 2016

### Calculation of Weighted Average Cost of Capital PT Gudang Garam Tbk Period 2011-2015

Notes	2011	2012	2013	2014	2015
a. Pd (Debt Composition)	0.511	0.534	0.567	0.557	0.602
b. Kd (Debt Capital Cost)	0.065	0.056	0.049	0.057	0.040
c. Pe (Capital Share Composition)	0.489	0.466	0.433	0.443	0.398
d. Ke (Capital Share Cost)	0.115	0.052	0.113	0.078	0.007
e. WACC = (Pd x Kd) + (Pe x Ke)	0.089	0.054	0.077	0.066	0.027

Source: Data, 2016

Shows the condition of the capital structure of PT Gudang Garam Tbk. the company has a composition of share capital that declined from 2011 to 2015. This is because PT Gudang Garam Tbk has never issued new shares in the period of the year of research, so the nominal value of share capital remains the same.

Because the value of shares is fixed while the amount of debt continues to increase then resulted in a lower share capital structure. Over a period of 5 years, the increase in the amount of debt continues to occur and this indicates that the company is more active in operations. However, since the government's policy on various regulations, especially the increase of cigarette excise rate, the continuous increase of debt can also indicate that the company needs bigger operational cost from year to year not because of the increase of investment project done by the company.

As the data are shown in the table, PT Hanjaya Mandala Sampoerna Tbk and PT Bentoel Internasional Investama it is known that the amount of debt is increasing from year to year. The capital cost of these three companies is determined by the management of the company based on the factors that influence such as the condition of the economy in Indonesia, the selling power of shares, operating and financing decisions and a number of capital costs to be incurred.

Having known the capital structure of the company, then the next step is to calculate the Weighted Average Cost of Capital (WACC) of the company. WACC shows the level of capital cost of the entire funding source used by the company. WACC is useful to take into account the optimal level of capital structure because the optimal capital structure is indicated by the use of low average capital costs. An investment must earn a higher rate of return than the Weighted Average Capital Cost (WACC) in order to increase the value of the company.

As seen in the table, that PT Gudang Garam Tbk. decreased average capital cost in 2011 by 9% to 5% in 2012, and then in 2013 increased to 8% until 2014 and 2015 decreased to 7% and 3%. This decrease indicates that the manager has done a positive thing because the lower of the WACC means the optimal capital structure.

In the table of PT. Hanjaya Mandala Sampoerna Tbk has a weighted average capital cost that is unstable. This can be due to internal and external factors of the company. In 2015, the company also issued new shares, there is also the possibility that the action quite affects to the cost of existing capital. This is supported by the WACC increase from 2014 which is 6% up to 7% in 2015.

In the table data owned by PT Bentoel Internasional Investama Tbk, it is gradually decreased. If only seen from the value it can be said that the management is able to minimize the cost of existing capital very well. However, the cost of corporate capital is influenced by several factors, ie factors that can not be controlled by the company (manager) and factors that can be controlled by the company. Based on Brigham and Houston (2011: 24) factors that can not be controlled are interest rates

### Calculation of Economic Value Added PT Gudang Garam Tbk. Period 2011-2015

Notes	2011	2012	2013	2014	2015
WACC	0.089	0.054	0.077	0.066	0.027
Capital Total (Rp)	1,965,502	3,063,339	2,221,444	2,170,790	2,414,462
EBIT (Rp)	6,867,973	6,025,681	6,691,722	8,626,046	10,064,867
Tax Expense (Rp)	1,656,869	1,461,935	1,552,272	1,822,046	2,182,441
T	0.241	0.243	0.232	0.211	0.217
a. NOPAT = EBIT * (1-T) (Rp)	5,211,104	4,563,746	5,139,450	6,804,478	7,882,426
b. COC = WACC x Capital Total (Rp)	1,74,930	111,420	171,051	143,272	65,190
c. EVA = a - b (Rp)	5,036,174	4,452,326	4,968,399	6,661,206	7,817,236

Source: Data, 2016

### Calculation of Economic Value Added PT Hanjaya Mandala Sampoerna Tbk. Period 2011-2015

Notes	2011	2012	2013	2014	2015
WACC	0.111	0.042	0.058	0.060	0.070
Capital Total (Rp)	1,096,980	1,479,430	1,564,069	1,720,586	1,921,262
EBIT (Rp)	10,932,755	13,417,941	14,578,785	13,765,715	14,071,069
Tax Expense (Rp)	2,846,656	3,437,961	3,691,224	3,537,216	3,569,336
T	0.260	0.256	0.253	0.257	0.254
a. NOPAT = EBIT * (1-T) (Rp)	8,086,099	9,979,980	10,887,561	10,228,499	10,501,733
b. COC = WACC x Capital Total (Rp)	121,765	62,136	90,716	103,235	134,488
c. EVA = a - b (Rp)	7,964,334	9,917,844	10,796,845	10,125,264	10,367,245

Source: Data, 2016

### Calculation of Economic Value Added PT Hanjaya Mandala Sampoerna Tbk. Period 2011-2015

Notes	2011	2012	2013	2014	2015
WACC	0.149	0.038	0.009	0.008	0.003
Capital Total (Rp)	619,529	2,653,270	4,072,836	6,060,022	12,731,525
EBIT (Rp)	654,682	(201,627)	(934,161)	(944,454)	(856,979)
Tax Expense (Rp)	47,938	105,018	233,737	563,457	300,014
T	0.073	0.521	0.250	0.597	0.350
a. NOPAT = EBIT * (1-T) (Rp)	606,744	(96,579)	(700,621)	(380,615)	(557,036)
b. COC = WACC x Capital Total (Rp)	92,310	47,723	36,655	48,480	38,195
c. EVA = a - b (Rp)	514,434	(144,302)	(737,276)	(429,095)	(592,231)

Source: Data, 2016

and tax rates. While the factors that can be controlled is the target structure (composition) of capital, dividend policy, and capital budgeting decisions.

Based on the calculation of Economic Value Added (EVA) in the table above, it can be seen that PT Gudang Garam Tbk has positive EVA results for five years, which means that the rate of return generated by the company exceeds the level of capital cost or the rate of return requested by the investors for the investment. This shows that the company has succeeded in creating value for the owner of capital. The same thing happened to PT Hanjaya Mandala Sampoerna Tbk, that EVA value is always positive for five years.

Different results are shown in PT Bentoel Internasional Investama. The EVA value of the firm from 2012 to 2015 always shows a negative value. Negative EVA signifies that the company value is reduced as a result of a decrease in the rate of return on investment.

Market Value Added (MVA) analysis is the difference between the market value and the capital invested. One of the satisfaction of the owner of the company is if the invested capital is able to produce added value, while the added value is the market.

MVA is another approach used to measure company performance based on market value. The calculation of the market value is known as Market Value Added (MVA). MVA is the difference between the market value of a company's stock and the amount of equity the investor has given (Eugene F. Brigham, et al., 2011: 68).

Stock market price is used to calculate the market value of the company or Market Value Equity Analysis (MVE). The formula used to calculate MVE is the number of shares traded multiplied by the price per share.

While the nominal price of shares used to calculate the capital invested company or Book Value of Equity (BVE). The formula used to calculate the BVE is the number of shares traded multiplied by the par value of the stock.

After obtaining the result from the calculation of Market Value of Equity (MVE) and Book Value of Equity (BVE) then next is calculating Market Value Added (MVA) by MVE minus BVE.

### Calculation of Market Value Added PT Gudang Garam Tbk. Period 2011-2015

Year	MVE (Rp in Million)	BVE (Rp in Million)	MVA = MVE - BE (Rp in Million)
2011	119,389,660.4	962.044	118,427,616.4
2012	108,326,154.4	962.044	107,364,110.4
2013	80,811,696.0	962.044	79,849,652.0
2014	116,792,141.6	962.044	115,830,097.6
2015	105,824,840.0	962.044	104,892,796

Source: Data, 2016

### Calculation of Market Value Added PT Hanjaya Mandala Sampoerna Tbk. Period 2011-2015

Year	MVE (Rp in Million)	BVE (Rp in Million)	MVA = MVE - BE (Rp in Million)
2011	169,696,611	438,300	169,258,311
2012	260,639,084	438,300	260,201,178
2013	271,518,084	438,300	271,079,784
2014	298,714,599	438,300	298,276,299
2015	437,355,969	438,300	436,897,697

Source: Data, 2016

### Calculation of Market Value Added PT Bentoel Internasional Investama Tbk. Period 2011-2015

Year	MVE (Rp in Million)	BVE (Rp in Million)	MVA = MVE - BE (Rp in Million)
2011	5,719,604	362,000	5,357,604
2012	4,119,203	362,000	3,837,203
2013	4,126,803	362,000	3,764,803
2014	3,764,803	362,000	3,402,802
2015	3,692,403	362,000	3,330,402

Source: Data, 2016

The result of Market Value Added (MVA) calculation in the table shows that MVA PT Gudang Garam Tbk. is positive. This means the company has been able to increase the wealth of stockholders. The lowest value of MVA occurred in 2013, up to Rp 79,849,652.0. While the highest MVA value occurred in 2011, up to Rp 118,427,616.4.

In the MVA table, PT Hanjaya Mandala Sampoerna Tbk continues to increase for five years. This indicates that HMSP shares have increased the selling price, as well as many investors, are interested so that in the stock market was HMSP shares are actively traded.

Unlike the shares owned by PT Bentoel International Investama Tbk, as shown in the table, it is known that the value of MVA from 2011 to 2015 continues to decline. Viewing on the historical data of the secondary stock market will be known that the RMBA stock is less active. In addition to share price per share that is far below the price of other shares (GGRM and HMSP), enthusiasts from the RMBA stock was also deemed less.

#### **Economic Value Added Period 2011-2015**

Tahun	GGRM	HMSP	RMBA
2011	Rp 5,036,174	Rp 7,964,334	Rp 514,434
2012	Rp 4,452,326	Rp 9,917,844	Rp (144,302)
2013	Rp 4,968,399	Rp 10,796,845	Rp (737,276)
2014	Rp 6,661,206	Rp 10,125,264	Rp (429,095)
2015	Rp 7,817,236	Rp 10,367,245	Rp (595,231)

Sumber: Data diolah, 2016

#### **Market Value Added Period 2011-2015**

Tahun	GGRM	HMSP	RMBA
2011	Rp 118,427,616	Rp 169,258,311	Rp 5,357,604
2012	Rp 107,364,110	Rp 260,201,178	Rp 3,837,203
2013	Rp 79,849,652	Rp 271,079,784	Rp 3,764,803
2014	Rp 115,830,098	Rp 298,276,299	Rp 3,402,802
2015	Rp 104,862,796	Rp 436,890,697	Rp 3,330,402

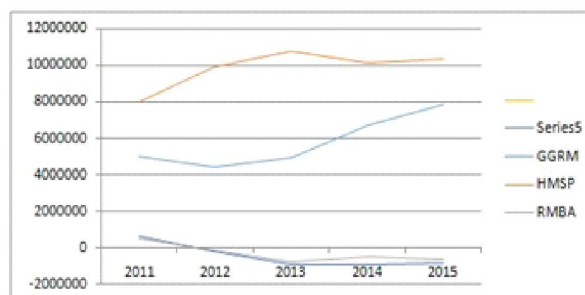
Sumber: Data diolah, 2016

It is known that annually EVA value movements are followed by movement of MVA values. In 2012, the decrease in the value of EVA followed by a decline in the value of MVA. In 2014, the rising of EVA's value was also followed by an increase in the value of MVA. As for the year 2013 using com-

parators in 2012, it is known that the increase in EVA value is not followed by an increase in the value of MVA. So, the movement of EVA value is not always followed by the value of MVA. The relationship between both is indirect. The point is that when the EVA value is always positive, the MVA values tend to be positive as well.

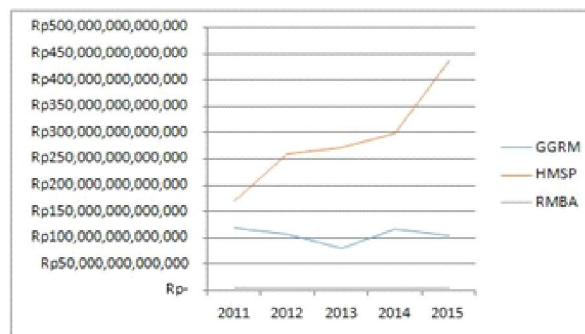
The reverse comparison between the EVA and MVA values in 2013 is due to the fact that EVA and MVA are not affected. Basically, the value of EVA is influenced by the net operating profit of the company after tax less the annual capital cost of the company. As for MVA is calculated based on the nominal price of shares with the stock market price. So, MVA is very depended on the high or low of stock prices of companies in the stock market.

#### **Movement of EVA value Period 2011-2015**



Sumber: Data diolah, 2016

#### **Movement of MVA values Period 2011-2015**



Sumber: Data diolah, 2016

For PT Hanjaya Mandala Sampoerna Tbk is known that the increasing of EVA average is followed by the increase in MVA, except in 2014 the

value of EVA decreases while the MVA rises. And in 2015 the stock price of HMSP on the stock market experienced a significant increase of approximately Rp100.000,00, -, this affects the value of MVA so it obviously can be seen in the graph, the increase that occurred between 2014 to 2015

While PT Bentoel Internasional Investama Tbk is known that the EVA and MVA results are the lowest as compared with PT Gudang Garam Tbk and PT Hanjaya Mandala Sampoerna Tbk. From the table or graph above, it is known that the value of EVA owned shows a negative result.

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

Based on the overall calculation results of EVA, can be concluded that PT Gudang Garam Tbk. has EVA value more than zero ( $EVA > 0$ ). As noted by the data above, the value of EVA in 2011 up to Rp5,036,174,000,000, -, in 2012 up to Rp4,452,326,000,000, in 2013 up to Rp 4,968,399,000,000, - in 2014 up to Rp 6,661,206,000,000, - and in 2015 Rp7, 817,236,000,000, -. As for the results of EVA PT Hanjaya Mandala Sampoerna Tbk in 2011 up to Rp 7,964,334,000,000, -, in 2012 up to Rp 9,917,844,000,000, - in 2013 up to Rp10,796,845,000,000, - in 2014 up to Rp 10,125,264,000,000, - and Rp 10,367,245,000,000, -. in 2015

The results of the two companies above mean that the company is able to create economic value-added for the company. A positive EVA value will be created if the firm generates a *return* exceeds the cost of capital expended. In contrast to the results of PT Bentoel International Investama Tbk which shows some negative values. In 2011 up to Rp 514,434,000,000, - ; Rp (144,302,000,000) in 2012 ; Rp (737,276,000,000, -) in 2013; in 2014 up to Rp 429,095,000,000 and Rp (Rp. 595,231,000,000, -) in 2015.

Economic value added (EVA) reflects the performance of the company's managers. The greater added value generated, the better the performance of the company in maximizing the value of the com-

pany and the satisfaction of shareholders of the company. A good performance result will provide assurance that the company is able to fulfill its obligations to the debtor and the shareholders can fulfill their expectation to get the rate of return exceeds the number of funds given to the company. Economic Value Added (EVA) is an indicator of the presence or absence (Positive or Negative) changes in the value of an investment made by the company management.

Based on the calculation of Market Value Added (MVA) during 2011 until 2015, PT Gudang Garam Tbk. produced a positive MVA value ( $MVA > 0$ ). The value earned in 2011 up to Rp 118,427,616,400,000, - ; Rp 107,364,110,400,000, - in 2012; Rp 79,849,652,000,000, -in 2013; Rp 115,830,097,600,000, - in 2014 and in 2015 up to Rp 104,862,796,000,000.

The results of MVA at PT Hanjaya Mandala Sampoerna in 2011 up to Rp 169,258,311,000,000, - ; in 2012 up to Rp 260,201,178,000,000, - ; in 2013 up to Rp 271,079,784,000,000, - ; Rp 298,276,299,000,000, in 2014 and Rp436, 890,696,836,400, - in 2015. PT Bentoel Internasional Investama Tbk MVA results, in 2011 up to Rp 5,357,603,700,000, - ; Rp 3,837,202,650,000, - in 2012 ;in 2013 up to Rp 3,764,802,600,000, - ; in 2014 upto Rp 3,402,802,350,000, and in 2015 up to Rp 3,330,402,300,000, - This means that it means the company's management has demonstrated its ability to increase the company's wealth and its shareholders or it can be said the company is healthy. One of shareholder's satisfaction is that if the capital produced can produce added value, the size of the added value is equity of the stock market.

### Suggestion

Based on the research process and research result from PT. Gudang Garam Tbk. financial statement, PT. Hanjaya Mandala Sampoerna Tbk., and PT. Bentoel Internasional Investama Tbk. in 2011 until 2015 using Economic Value Added (EVA) method with Market Value Added (MVA). Some suggestions that can be submitted are as follows: For investors and potential investors:

1. The value of EVA and MVA can be an additional factor as a decision-making factor in stock investing. The reason is that in the EVA method takes into account the value of capital costs that are not contained in the financial statements in general.
2. EVA value can not be used as the only benchmark in investing because in investing is necessary also to consider the company's external conditions (macro-economic).

For the Company:

1. Company managers should carefully consider the factors that may affect the cost of capital such as interest rates, tax rates, and market prices. Determination of the appropriate capital structure can help to increase the return (return) that will be obtained by the company.
2. Company managers in maximizing added value for the company need to do some things, among others: increasing profit (profit) without adding capital such as increasing product prices, reduce capital costs, invest in projects with high returns and so on.

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