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Comparative Analysis of Financial Performance Before and After The Acquisition of The PT. Fajar Surya Wisesa Tbk

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ABSTRACT

In business, expansion is an action taken to widen one's business or extend influence. One strategy for expansion is through acquisition. This strategy was employed by Siam Cement Group (SCG) from Thailand, which officially acquired 55% of the shares of PT. Fajar Surya Wisesa. Based on this, an analysis is needed to determine whether there are differences in financial performance. The method used is quantitative, utilizing six financial ratios as indicators: ROA, ROE, NPM, TATO, CR, and DER. Data was collected from PT. Fajar Surya Wisesa's financial reports during the period before acquisition from the first quarter of 2015 to the third quarter of 2019, as well as the period after acquisition from the fourth quarter of 2019 to the third quarter of 2023. The analysis method involves normality testing and non-parametric Wilcoxon test. The final analysis indicates that the ROA, ROE, NPM, and CR ratios experienced differences after acquisition, while TATO and DER ratios did not show significant differences. Therefore, it can be interpreted that the acquisition strategy carried out by Siam Cement Group (SCG) on PT. Fajar Surya Wisesa is quite effective.

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1. INTRODUCTION

The era of globalization is a condition where national boundaries have faded so that the flow of information is getting faster and easier to access. This condition is one of the factors influencing economic conditions, where the economy is increasingly experiencing improvement. This economic increase is directly proportional to the increasing number of companies, so that competition between companies is getting tighter. This condition is what encourages companies to increase capital, the aim is to strengthen the company so that it can continue to develop or survive the tough competition.

One of the strategies taken by most companies today is expansion or expanding their business (Rigo et al., 2022). Expansion is usually carried out internally and externally, where internal expansion occurs when divisions within the company grow normally through capital budgeting activities, while external expansion is carried out in the form of business mergers (Liliana et al., 2016). External expansion is a shortcut that is often taken by companies to strengthen capital and improve company performance. One form of external expansion in question is acquisition, according to Moin in (Dewi & Suryantini, 2018) acquisition is the takeover of ownership of shares or assets of a company by another company, and in this event both the acquiring company and the one being taken over remain as entities separate law. Acquisitions are considered to provide more benefits for the acquired company and the acquiring company. Merging businesses with acquisitions is

considered more effective in terms of capital because you don't have to start a business from the bottom. However, acquisitions are still often seen as controversial decisions because they have very dramatic and complex impacts, including the costs of carrying out acquisitions being very expensive, and the results are not necessarily as expected (Waskito & Hidayat, 2020). With this risk, stakeholders are legally obliged to study the financial reports of the company that is the acquisition target. Financial reports are prepared by company management to disclose the company's financial performance to external stakeholders (Fiscarina & Paranita, 2023)

Research (Rahmah & Bukhori, 2020) shows that there are differences in the ratio values used as an analysis tool. This difference occurred in the TATO, ROA, ROE, and EPS ratios where the value of each ratio experienced a change in the form of a decrease after the acquisition, while the CR, DAR, and DER ratios did not differ. Meanwhile (Amatilah, 2021) shows results in the form of differences in the ratios used as analytical tools. Differences occurred in TATO, ROA, ROE, PBV and DER which experienced decreases and increases, while CR and OPM were not proven to experience differences after the acquisition was carried out.

Research by (Firdaus et al., 2020) shows that there is no difference in CR, TATO, ROA, ROE, NPM, and DER when the acquisition is carried out and when the acquisition has not been carried out, the conclusion is that the company's financial performance is in a stable condition. In research (Putro & Kusuma, 2020) no differences were found in the ratios used. However, there was a decrease in the CR, ROE, ROA and NPM ratios, while DER increased but was not significant. (Widianto et al., 2021) found that there were several differences in the results of the financial ratio analysis used. Where there are differences in ROA and ROE after the acquisition, however, CR, QR, NPM and DR have not changed compared to before the acquisition. (Pratiwi, 2017) shows that there are decreases and increases that are not too significant. Where CR, ROA, NPM, TATO, and FATO have decreased, while ROE, DER, and DAR have increased. Meanwhile, when compared with before the CR acquisition, ROE, ROA, NPM, DER, DAR, TATO and FATO did not experience significant differences. Research (Varana & Rusliati, 2018) shows that there are no significant differences in the CR, TATO, DER and ROE ratios. Finally (Nasir, 2018) obtained a conclusion in the form of differences in CR, ROA and DER ratios.

These results encourage the desire to carry out research with the aim of finding out whether the acquisition strategy is an effective strategy or not. The level of effectiveness of the acquisition of a company can be known from the financial performance of the company being acquired. The company's financial performance is a signal for investors to analyze the company's health condition (Mahardini & Framita, 2022). Changes in a company's financial performance can be assessed through analysis of financial reports before and after the acquisition using financial ratios (Wu & Huang, 2022). With financial ratio analysis, you can know the financial position and business success of a company. The method is to look at the calculation results of each ratio using a certain formula and certain criteria which are used as guidelines. The analysis will use several ratios, including Profitability Ratios (Return On Assets, Return On Equity, Net Profit Margin), Activity Ratios (Total Asset Turn Over), Liquidity Ratios (Current Ratio), and Solvency Ratios (Debt to Equity Ratio). Financial performance analysis using financial ratios is considered to be the most effective method because it can provide an overview of the condition of a company, the company's financial condition, and describe the impact that occurs on the company's financial performance as a result of acquisition activities (Chen & Xie, 2022). These ratio computations' outcomes will enable inferences to be drawn regarding whether the acquisition will have an impact on financial performance both before and after it is completed.

In connection with what has been stated above, in 2019 Siam Cement Group (SCG) from Thailand officially acquired 55% shares of PT. Fajar Surya Wisesa which is a packaging paper producer company. SCG assesses that the acquisition can increase the company's profitability and increase growth in ASEAN. Therefore, the author wants to conduct research in the form of an analysis of the financial performance of PT. Fajar Surya Wisesa in conditions before it was acquired and conditions after it was acquired.

2. RESEARCH METHOD

The research will use quantitative analysis methods, with secondary data as the data source. Secondary data itself is defined as information or data obtained through third parties. The data source comes from the financial reports of PT. Fajar Surya Wisesa Tbk for the period before being acquired in the 2015 quarter 1-2019 quarter 3 and the period after being acquired in the 2019 quarter 4-2023 quarter 3. Data was collected via the Indonesia Stock Exchange (IDX) website <https://www.idx.co.id> and PT. Fajar Surya Wisesa Tbk <https://www.fajarpaper.com>.

The selected population is time series data in the form of quarterly financial reporting at PT. Fajar Surya Wisesa over a 9 year period (2015-2023). The saturated sampling method was chosen to determine the sample to be used, this method includes all members of the population in the sample. The number of samples is equal to the size of the population in the time series data according to this sampling technique. Where in the 9 year period (2015-2023) there are 32 samples which are divided into 16 samples of data before acquisition and 16 samples of data after acquisition. The analysis will be divided into 2 stages, namely the normality test which is then followed by the difference test.

3. RESULTS AND DISCUSSIONS

The research focused on PT. Fajar Surya Wisesa Tbk, which was acquired by Siam Cement Group (SCG), this decision was made at the end of the 2019 quarter 2 period and is scheduled to be completed at the end of the 2019 quarter 3 period. The data that will be used comes from financial report data before the acquisition for the 2015 quarter 1-2019 quarter 3 (16 data) and after acquisition for the period 2019 quarter 4-2023 quarter 3 which is presented with the results of the ratio calculation used as a benchmark. Data was gathered via the websites of PT. Fajar Surya Wisesa Tbk (<https://www.fajarpaper.com>) and the websites Indonesia Stock Exchange (IDX) (<https://www.idx.co.id>).

Table 1. Result of Validity Test

	Year	ROA	ROE	NPM	TATO	CR	DER
Before Acquisition	2015_Q4	0.04	0.13	0.06	0.71	1.07	1.86
	2016_Q1	0.03	0.09	0.15	0.22	1.06	1.76
	2016_Q2	0.05	0.14	0.13	0.41	0.94	1.74
	2016_Q3	0.08	0.22	0.15	0.56	0.95	1.66
	2016_Q4	0.09	0.25	0.13	0.68	1.08	1.72
	2017_Q1	0.02	0.04	0.09	0.18	1.22	1.64
	2017_Q2	0.02	0.06	0.06	0.34	0.97	1.84
	2017_Q3	0.03	0.09	0.06	0.54	0.98	1.90
	2017_Q4	0.06	0.18	0.08	0.78	0.74	1.85
	2018_Q1	0.03	0.09	0.13	0.24	0.66	1.81
	2018_Q2	0.04	0.12	0.09	0.46	1.15	1.86
	2018_Q3	0.08	0.22	0.12	0.72	1.19	1.59
	2018_Q4	0.13	0.33	0.14	0.91	1.17	1.56
	2019_Q1	0.04	0.09	0.18	0.22	1.28	1.36
	2019_Q2	0.06	0.15	0.15	0.40	0.97	1.50
	2019_Q3	0.07	0.18	0.13	0.58	0.96	1.44
After Acquisition	2019_Q4	0.09	0.21	0.12	0.77	0.70	1.29
	2020_Q1	0.03	0.08	0.16	0.17	0.76	1.99
	2020_Q2	0.02	0.05	0.06	0.34	0.80	1.49
	2020_Q3	0.02	0.05	0.04	0.51	0.86	1.52
	2020_Q4	0.03	0.08	0.04	0.69	0.81	1.51
	2021_Q1	0.02	0.04	0.07	0.21	0.81	1.68
	2021_Q2	0.03	0.07	0.06	0.42	0.83	1.75
	2021_Q3	0.04	0.10	0.06	0.66	0.84	1.67
2021_Q4	0.05	0.12	0.05	0.90	0.83	1.61	
2022_Q1	0.01	0.04	0.06	0.23	0.81	1.76	
2022_Q2	0.02	0.06	0.05	0.46	0.80	1.71	

2022_Q3	0.03	0.07	0.04	0.66	0.75	1.58
2022_Q4	0.01	0.02	0.01	0.85	0.66	1.57
2023_Q1	0.01	0.02	0.04	0.17	0.61	1.63
2023_Q2	0.02	0.05	0.05	0.32	0.57	1.69
2023_Q3	0.03	0.10	0.08	0.46	0.50	1.77

Source: Financial Report PT. Fajar Surya Wisesa Tbk

Financial ratios PT. Fajar Surya Wisesa Tbk for the period 2015_Q4 to 2023_Q3 are shown in table 1. The financial ratios are obtained from the company's financial report data for the specified period. In 2015_Q4 to 2019-Q3 this is the ratio of the company before it was acquired. Meanwhile, 2019_Q4 to 2023_Q3 is the company's ratio after being acquired. These ratios will be used as data in normality testing, difference tests, and drawing conclusions.

The Kolmogorov-Smirnov test will be used in the process of identifying the data being processed, whether the data is normally or abnormally distributed. By making decisions based on the provision that if the significance is smaller compared to the standard value of 0.05, it means the data is distributed abnormally, whereas if the significance is greater compared to the standard value of 0.05, it means the data is distributed normally.

Table 2. Kolmogorov-Smirnov Normality Test Results (Before Acquisition)

Variabel	N	Mean	Asymp. Sig. (2-tailed)
ROA	16	0.0559	0.200
ROE	16	0.1489	0.200
NPM	16	0.1160	0.200
TATO	16	0.4967	0.200
CR	16	1.0247	0.155
DER	16	1.6927	0.200

Source: SPSS Processing Results

The Kolmogorov-Smirnov test results before the acquisition are shown in table 2. The results show that the variables ROA, ROE, NPM, TATO, and DER have a significance value of 0.200, while CR has a significance value of 0.155. This means that the significance value of these six variables is greater than the standard value of 0.05. With the results of this comparison it can be said that the data is normally distributed.

Table 3. Kolmogorov-Smirnov Normality Test Results (After Acquisition)

Variabel	N	Mean	Asymp. Sig. (2-tailed)
ROA	16	0.0278	0.117
ROE	16	0.0721	0.200
NPM	16	0.0622	0.015
TATO	16	0.4885	0.200
CR	16	0.7466	0.005
DER	16	1.6395	0.200

Source: SPSS Processing Results

The Kolmogorov-Smirnov test results after the acquisition are shown in table 3. The test results show that the ROA variable obtained a significance of 0.177, while ROE, TATO and DER obtained a significance of 0.200. This means that the significance value of these four variables is greater than the standard value of 0.05. With

the results of this comparison it can be said that the data is normally distributed. However, the NPM variable obtained a significance of 0.015 and CR obtained a significance of 0.005. This means that the significance value of these two variables is smaller compared to the standard value of 0.05. With the results of this comparison it can be said that the data is distributed non-normally.

Next is the Wilcoxon difference test, this method is used because there is data that is not normally distributed. The difference test aims to analyze whether differences in conditions will influence differences in results. Decision making is based on the magnitude of the Asymp.Sig.(2-tailed), the condition is that if Asymp.Sig.(2-tailed) is smaller when compared to the standard value of 0.05, meaning there is a difference, whereas if Sig.(2-tailed) is greater when compared to the standard value of 0.05, meaning there is no difference.

Table 4. Wilcoxon Difference Test Results

	ROA After - ROA Before	ROE After - ROE Before	NPM After - NPM Before	TATO After -TATO Before	CR After- CR Before	DER After-DER Before
Z	-2.585	-2.689	-2.896	-0.621	-3.154	-0.776
Asymp. Sig. (2- tailed)	0.010	0.007	0.004	0.535	0.002	0.438

Source: SPSS Processing Results

The results of the Wilcoxon test in determining whether there are differences before and after acquisition are shown in table 4. The result is Return On Asset (ROA) ratio PT. Fajar Surya Wisesa shows a significance value of 0.010. This value is of course smaller when compared to the standard value of 0.05. With the results of this comparison, ROA can be said to have experienced differences. So the company's ability to make a profit after being acquired has increased. Significance value of PT's Wilcoxon Return On Equity (ROE) test PT. Fajar Surya Wisesa is 0.007. This value is of course smaller when compared to the standard value of 0.05. With the results of this comparison, ROE can be said to have experienced differences. So the company's efficient level in managing its own capital after being acquired has increased. In the Net Profit Margin (NPM) indicator PT. Fajar Surya Wisesa shows a significant value of 0.004. This value is of course smaller when compared to the standard value of 0.05. With the results of this comparison, NPM can be said to have experienced differences. So the company's level of efficiency in obtaining net profits after being acquired has changed. In the Total Asset Turn Over (TATO) indicator PT. Fajar Surya Wisesa shows a significance value of 0.535. This value is of course greater than the standard value of 0.05. With the results of this comparison, TATO can be said to have experienced no differences. So the company's ability to manage assets in order to seek profits after being acquired has not changed. Next is Current Ratio (CR) PT. Fajar Surya Wisesa which shows a significance value of 0.002. This value is of course smaller when compared to the standard value of 0.05. With the results of this comparison, CR can be said to have experienced differences. So the company's ability to meet short-term debt after being acquired has increased. Lastly, Debt to Equity Ratio (DER) PT. Fajar Surya Wisesa which shows a significance value of 0.438. This value is of course greater than the standard value of 0.05. With the results of this comparison, DER can be said to have no differences. So the level of comparison between debt and own capital after acquisition does not experience any difference

With these results, acquisition decisions must be carried out with careful calculations and care. Managers need to consider the possible impact on the company as a result of the acquisition. Therefore, managers need to conduct a comprehensive risk analysis before making acquisition decisions. This includes evaluating the potential positive and negative impacts of the acquisition on the company, including financial, operational, and strategic implications. In addition, managers must ensure that the company's long-term goals are aligned with the chosen acquisition strategy. With a careful and planned approach, managers can reduce the risk of negative impacts and increase the likelihood of successful acquisitions for the company.

4. CONCLUSION

The analysis that has been carried out has resulted in the conclusion that acquisitions do not always have a positive impact. Moreover, if it is done without careful calculation and estimation. In the case of PT. Fajar Surya Wisesa Tbk, the acquisition made had a quite big impact on the company. In the analysis carried out, the ROA, ROE, NPM and CR ratios experienced differences after being acquired, while the TATO and DER ratios did not experience differences after being acquired. Which means the level of financial performance after being acquired, PT. Fajar Surya Wisesa Tbk showed several improvements and declines compared to the situation before it was acquired. So the choice to carry out an acquisition strategy at PT. Fajar Surya Wisesa can be said to be a fairly effective strategy choice for expansion. This research has many limitations, including only focusing on one company so it cannot be said to be representative of the manufacturing industry. Plus the ratios used, where this research only uses 6 ratios in the form of ROA, ROE, NPM, TATO, CR, and DER which are analyzed using a simple method. The hope is that with the research that has been carried out, capital owners can be more careful in investing, especially with acquisition strategies.

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