

## **THE COMPARISON OF FUNDAMENTAL ANALYSIS BETWEEN PT. ADHI KARYA Tbk. AND PT. PEMBANGUNAN PERUMAHAN Tbk. BASED ON FINANCIAL STATEMENT BY THE LAST FIVE YEARS (2015)**

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### **ABSTRACT**

*Investment is a kind of a commitment on some funds or other resources done at the moment, with the goal of gaining the numerous advantages in the future. Investment could be done in real assets such as land, gold, machine, or building, and financial assets like term deposits, shares, and bonds .This study focused on the investment instruments in form of shares traded on Indonesian stock exchange (BEI) . Stock was one of the instruments in the capital market that is the most attractive to the investors because it can provide the highest rate of return. Prior to invest in stocks, the investor expected to be assessed the condition (issuers publishing company shares ) so investing executed is the right decisions in order to the purpose of investment desirable can be achieved. This research using analysis -time-series and financial ratios as consideration in choosing appropriate stocks which is hopefully can give benefit in the future. This research compares stock and shares between PT. Adhika Karya Tbk. (Persero) and PT. Pembangunan Perumahan Tbk. (Persero) by using published data in financial statement from the year of 2011 to 2015. Based on the time-series and financial ratio shows that shares... is better to be used as an investment instruments.*

**Keywords :** *Investment, shares, time-series analysis and Financial analysis.*

### **INTRODUCTION**

Current phenomena shows that the world's economy is already well improve after the global crisis in the year of 2008. It can be proven by the fact of increasing gross domestic product reflecting the value market from all of materials and services produced by a country in certain period. Based on the data published by [www.indonesia-investment.com](http://www.indonesia-investment.com), the average Indonesian growth of gross domestic product from 2010-2014 in the figure of 5.80, which increase by 5.62 from the year 2005-2009.

Construction industry in Indonesia at this moment can be said is in the good condition. It is happened because of government intervention by creating new policies that support in this sector in order to revise and develop infrastructure in this country. The growth of construction industry is supported by collaboration among construction companies in Indonesia. It is shown

by the growth number increasing is always higher to national growth economic. Construction services will increase to 8-9 percent because of APBN infrastructure's budgeting is greater.

PT ADHI Karya (Persero) Tbk. and PT Pembangunan Perumahan (Persero) Tbk. are the examples of state company (BUMN) that work at a construction industry by giving diversity of services in developing SCR programs, partnership and Environmental Preservation Program. ADHI plays an active role in five business lines to increase its values. Those business lines are EPC, property, construction, realty and investment in infrastructure. ADHI's strategy is focused on enhancing quality products and time deliveries by creating ALC (ADHI Learning Centre) as a media to equip employees to passion to excel and work intelligently and efficiently.

On the other hand, PTPP has goals and objectives such as taking part in construction business industry, agency, investment, rental service, EPC, trades, IT, tourism, hotel business service and many others. However, the main current business of PTPP is construction services, EPC (Energy, oil and gas), developer and investor in real estate, property, and infrastructures.

According to Tandelilin (2010:2) Investment is a commitment towards a number of funds or other resources that can be implemented at this moment with objectives to gain a lump sum in the future. Investment can be done through the real aspects, such as lands, buildings, machines, term deposits, stock and shares, mutual funds, and bonds. "High risk, high returned" is a normal slogan that normally understood by investors. The most risk investment is putting money in capital market exchange where prospective investors can be a trader or long term investor in order to gain a high lump sum rather than a small interest rate from bank. There are two approaching models that can be used in analysis stock and shares before buying its, which are called fundamental analysis and technical analysis. In this research, the researcher will use fundamental analysis to determine either ADHI or PTPP should be chosen by candidate to buy.

### **Research Problem**

Relying on the research background mentioned above, the problem selected in this research is: How is the result comparison of fundamental analysis for PT ADHI Karya (Persero) Tbk. and PT Pembangunan Perumahan (Persero) Tbk. based on financial statement in last five years (2015)?

### **Research Objective**

The objective of this research is to give information to the reader about the result comparison between PT ADHI Karya (Persero) Tbk. and PT Pembangunan Perumahan (Persero) Tbk. by using fundamental analysis based on the last five years of financial statement.

### **Research Benefit**

1. Giving consideration towards prospective investors before selecting and investing the share in capital market exchange.
2. Giving knowledge toward society regarding to use fundamental analysis as one of measurements to buy selecting shares in capital market exchange.

## **LITERATURE REVIEW**

### **Stock and Shares**

Shares is one instrument in the capital market which is the most attractive to investors because it can provide the highest rate of return. According to Irham ( 2012: 81 ), paper stock or share is a listed paper that has a clear nominal , the company name , and followed with rights and obligations which have been explained to every holder. While according to Darmadji and Fakhruddin (2012: 5) , shares are a sign or possessive a participation or an agency in an

enterprise or limited companies. Tangible share is a sheet of paper indicating that the owner of the paper is owned by a company that issued the securities.

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### **Price of Shares**

According to Agus Sartono (2008:70), the share's price made through demand and offer mechanism happened in capital market. When a share in excess demand, a stock price will tend to rise, and if the shares experience an excess offer, a share price will go down. Stock prices is one of the management companies from success in producing gain will give satisfaction to investors .Stock price rises spike benefits of capital gains images and better for companies to facilitate the company's management for find funding from the outside firm. According to him Sartono ( 2008: 70 ) , stock prices formed by the mechanisms of a demand and a supply occurring in capital market .Whenever a stock had a surplus of demand then the price shares will be tending to rise , and if had a surplus of offering then the price shares will be tends to go down. Stock prices is one of indicators management company because the success of in producing profit will be provides gratification for investors .Stock price rises are high benefits of capital gains images and better for a company so facilitate the companys management for get the funding from the firm outer

### **Fundamental Analysis**

In stock and shares investment, investors have to analyze the influencing factors of price movement in order to predict share price in the future, hence to get profit. According to Tjiptono and Handy (2006) Fundamental analysis is a part of ways that measure shares by learning or observing in many indicators related to economic and industrial conditions of the company including finance and management factors.

According to Hellen Kang and Susan Petzke (2011) mentioned that a fundamental analysis used by investor to measure a performance shown by good companies. That is determined by profitability ratio of a company concerning in :

- 1) ROA (Return on Asset ratio)

Is an overall measure of profitability. It measures the rate of return on each dollar invested in assets. The formula is :

$$ROA = \frac{\text{Profit}}{\text{Average assets}}$$

- 2) ROE (Return on ordinary shareholders' Equity ratio).

It measures profitability from the ordinary shareholders' point of view. The ratio shows the dollars of profit earned for each dollar invested by the owners.

The formula is :

$$ROE = \frac{\text{Profit available to ordinary shareholders}}{\text{Average ordinary shareholders/equity}}$$

3) NPM (Net profit Margin)

Is a measure of the percentage of each dollar sales that results in profit.

The formula is :

$$\text{Net Profit Margin Ratio} = \frac{\text{Profit}}{\text{Net sales}}$$

4) EPS (Earnings Per Share)

It measures the amount of profit earned on each ordinary share.

The formula is :

$$\text{Earnings per share} = \frac{\text{Profit available to ordinary shareholders}}{\text{Weighted average number of ordinary shares}}$$

5) PER (The price-earnings ratio)

It measures the ratio of market price of each ordinary share to the earnings per share. It is an oft-quoted statistic that reflects investors' assessments of an entity's future earnings.

The formula is :

$$\text{Price - earnings ratio} = \frac{\text{Share price}}{\text{Earnings per share}}$$

Benni Siaga (2009) mentioned that fundamental analysis is a kind of way to analyze shares based on the wealth condition of a company, an industry, and national-international economic by using common financial ratio. There are two kinds of fundamental analysis method, which are :

1) **Time-Series Analysis :**

By comparing and looking at the growth of sales and net income in a company annually.

2) **Financial ratios :**

By looking at the company's performances in many aspects such as liquidity, solvability and profitability.

## **RESEARCH METHODS**

This research is categorized as a qualitative research using literature studies and financial analysis as a tool to be a measurement of stock and shares bought or recommended to newcomers in investment. It involves ROA, ROE, NPM, EPS, PER, share price, total sales, net income and price book value (PBV). According to Herdiansyah (2012:18) mentioned that a qualitative research is categorized as a scientific research that has aims to understand human's problems and social thoroughly with the research's result of descriptive data either oral or written. Literature study is a way of compiling data by discussing some references to solve the problems. In this research, the literature is used coming from company's financial statement to obtain important data towards this research. According to Moleong (2012:132), the research's object is a main point attention. Object research in this research is the report of a finance company in PT. Adhi Karya Tbk. and PT. Pembangunan Perumahan Tbk. Data

analysis is the process of looking for and composing systematically the data obtained by means organizing data into the category , explaining into units, composing to in a pattern , choose which one is more important and will be learned , and conclude it in order to make easier to understandable by ourselves and others (Sugiyono , 2015: 244)

## DISCUSSION

Company's fundamental analysis method used in this research is :

- Time-Series Analysis :

By observing and comparing the growth of the company based on pricing shares, total sales, and net income for 5 years since 2011. Data taken is data per 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014, and 31 December 2015. Stock and share's price is taken from closing price at that day.

**Table 1. Time series of closing stock and share's price.**

No	Company	Cod e	Aspec t	31/12/11	31/12/12	31/12/13	31/12/14	31/12/15
1	PT Adhi Karya	ADHI	Price	Rp. 580	Rp. 1760	Rp. 1510	Rp. 3480	Rp.2140
			Total Sales (in million)	Rp. 6,695,112	Rp. 7,627,703	Rp. 9,799,598	Rp. 8,653,578	Rp. 9,389,570
			Net Income (in million)	Rp. 182,693	Rp. 213,318	Rp. 408,438	Rp. 331,661	Rp. 465,026
2	PT Pembangunan Perumahan	PTPP	Price	Rp. 485	Rp. 830	Rp. 1160	Rp. 3575	Rp. 3875
			Total Sales (in million)	Rp. 6,231,898	Rp. 8,003,873	Rp. 11,655,844	Rp. 12,427,371	Rp. 14,217,373
			Net Income (in million)	Rp. 240,223	Rp. 309,683	Rp. 420,720	Rp. 532,065	Rp. 845,563

Based on table above can be seen that total sales and net income PT Pembangunan Perumahan always increase gradually every year from 2011 to 2015, however total sales and net income of PT Adhi Karya undergo reduction in the year of 2014. Overall, the total sales and net income figures of PT. Pembangunan Perumahan is higher than PT Adhi Karya. Those figures will affect the price growth of PTPP shares, hence it can be said that PTPP share is classified better than ADHI, because PTPP share always increases, nevertheless, ADHI suffering loss in the year 2013 and 2015. If ,in 2011,

investors buy shares of PTPP for Rp.485,00 so at the end of 2015 , profit obtained is Rp.3,390.00/shares or increase by 698,97% .Based on the aspect of growth stock prices , total sales , and net income, so PTPP share better for use as an instrument of investment than ADHI.

- a. Financial ratio in profitability ratio aspect and investment ratio.

**Table 2. Financial ratio profitability**

No	Shares' code	Aspect	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015
1	ADHI	ROA	2.99	2.71	4.20	3.17	2.77
		ROE	18.45	18.06	26.38	18.94	9.01
		NPM	2.73	2.80	4.17	3.83	4.95
		EPS	101.10	117.46	225.38	182.69	130.22
		PER	5.73	14.84	6.70	46.54	41.61
2	PTPP	ROA	3.46	3.62	3.39	3.64	4.42
		ROE	16.85	18.70	21.20	22.26	16.52
		NPM	3.85	3.87	3.61	4.28	5.95
		EPS	49.61	63.95	86.88	109.85	152.88
		PER	9.77	12.98	13.35	44.75	25.51

Based on Table 2, the researchers process those data into the average during five years. It can be seen that the average of ADHI's ROA is 3.17 and PTPP 3.71, hence it can be said that the usage of PTPP's asset can gain higher return than ADHI. Also, the average of ADHI's ROE is amount 18.17 which is slightly lower than PTPP,19.11 , hence it can be said that the capital usage of PTPP can give higher return than ADHI. The average of PTPP's NPM is also greater 0.6 than ADHI has which is 3.7, so based on NPM can be said that PTPP is able to provide profit margin better than ADHI.

The fourth aspect will be discussed is comparing the average of EPS. ADHI has higher value than PTPP, which is IDR.151.37 and IDR. 92.63. Although the average of PTPP EPS is lower than ADHI, PTPP's EPS is increasing annually. Although the average EPS PTPP figure is lower than ADHI, EPS PTPP figure always shows an increment value compared to ADHI experience a fall in 2014 and 2015 . ADHI PER is higher than PTPP so it can be said that a stock price ADHI is considered to be more expensive than PTPP . ADHI' share price traded for IDR 2.140,00 then PTPP share price traded for IDR. 3.875,00 at the time of the closing price 31<sup>st</sup> december 2015.

## **RISK INVESTMENT**

### **a. PTPP**

Risk is inevitable part of the business operation. Credit risk refers to main financial risk identified by the Company. Credit risk occurred from overdue payment, not paying part or entire project working result from the project owner that will bring negative impact against working capital circulation in the Company. The risk is mitigated by monitoring collectability ratio in the Company.

- Operational risk, project delay due overdue of advance and installment payment.
- Technical risk, such as unpredictable land condition.
- Legal risk, such as building license or AMDAL that may cause project completion delay.

- Social risk, among others :
  - a. Noise, air pollution, emission, hazardous waste disposal (hazardous and toxic material).
  - b. Issue with neighborhood due limited project working hours that will lead to project delay.
- Financial risk :
  - a. Credit risk  
Late payment, do not pay part or all of the work of the project from the project owner will be able to negatively affect the Company's working capital turnover.
  - b. Foreign exchange risk  
Most of the liabilities denominated in Rupiahs, so the company is not exposed significantly but the company starts to use imported raw materials as well as working on and will continue to develop projects that are located overseas, so the company will bear the risk of changes in foreign exchange.
  - c. Interest rate risk  
The company is not significantly exposed to interest rate risks of loans, the company nevertheless remained closely monitoring the possibility of changes in interest rates.
  - d. Liquidity risk  
Liquidity risk is the risk when the company unable to meet liabilities as the due falls.
- Human capital risk namely higher project requirement compared with existing personnel supply.

**b. ADHI**

The Company exercises a prudent risk management and always maintains a high level of vigilance in its operations, with the support of Strategic, Monitoring & Risk Management (SPMR) division to minimize risk potentials. Basically, these risks are grouped into two categories:

- Risk due to price increase of materials.  
The increase in price of materials may happen due to the economic turmoil as well as financial and political uncertainties, which potentially cause changes in budget forecasting to the construction works that will potentially cause Company's loss.
- Risk due to changes in exchange rates.  
Changes in exchange rate of Indonesian Rupiah against foreign exchange can lead to a risk against the contract value and the Company's debts which use foreign exchange. The Company mitigates this risk with hedging transaction or with equating the payment denomination with the third party with the payment denomination for the term of the work.
- Risk due to government policies.  
Government policies on economy, monetary, social and political issues may change overtime. This may lead to revision of the law and regulations. Such a condition will affect the decision to invest and to do business, which can lead to delay in a construction project.
- Risk due to contract and work relationship  
Risks that are caused by contract and work relationship include the disbursement of bank guarantees and contract termination. Particularly for EPC (Engineering,

Procurement and Construction) projects, some risks are specific, including risk stemming from choosing the work partners and risk in design failures.

## **CONCLUSION**

Fundamental analysis is a kind of method to track and learn information before an investor to buy stock and share. Nevertheless, this method is not the best way to be consideration. There are many aspects to be rich investor, which are timing, technical analysis and updated information. Based on the fact data above, PTPP has better many aspects in ROA, ROE, NPM, PER, share price total sales and net income comparing to ADHI comprehensively. On the other hand, ADHI only has better aspect in EPS, as consideration. The researchers suggest that PTPP should be invested based on current fact data than ADHI.

By looking at risk investment, ADHI and PTPP have different kinds of risks. These aspects could be used as a consideration for long-term investors who want to buy, however, it cannot be used as fundamental comparison for short-term investors.

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