



The Impact of Covid-19 on Financial Performance and Share Price on Cigarette Companies Listed on Indonesia Stock Exchange (IDX)

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Abstract

This study aims to determine and analyze differences in financial performance and stock prices before and after Covid-19 in cigarette companies. Financial performance in this study is measured using three ratios namely Return on Asset (ROA), Operating Profit Margin (OPM) and Net Profit Margin (NPM). The data used in this study is secondary data from the type of financial statements of Cigarette Companies from the Indonesia Stock Exchange (IDX) website and the official website of cigarette companies, and the sampling method used is sampling census because the samples used in this study are the financial statements of the entire population of Cigarette Companies registered with the IDX in the third quarter of 2019 to the fourth quarter of 2020. The analysis method in this study is the wilcoxon test using SPSS 26. This work shows that the Return on Assets (ROA), Operating Profit Margin (OPM) and stock price showed no significant differences before and after Covid-19. Also, the Net Profit Margin (NPM) shows significant differences before and after Covid-19.

Keywords: Covid-19, share price, NPM, OPM, ROA.

1. Introduction

In the office world, the thing that is done every day is to store data from an activity. Before the introduction of Based on the formulation of the problem above, the purpose of this paper is to create an application for inputting the credit score for a functional position based on a web database to make it easier for the assessment team, SDM to view, recap and change credit scores and a functional position to view the credit score.

Coronavirus pandemic (Covid-19) has a huge impact on the community not only on the government but also investors, the first case of Covid-19 came from China precisely in Wuhan, around the end of 2019 (Patria, 2021; Mujib and Candraningrat, 2021). The spread of Covid-19 is mainly through fluids in the nose and saliva droplets when people infected cough or sneeze (Novika and Meliyani, 2021). The Covid-19 pandemic is very impactful in various countries one of Indonesia, the entry of this outbreak on March 2, 2020, various treatments implemented by the government aimed at tackling or dismissing this outbreak such as Large-Scale Social Restrictions (PSBB) and also the provision of vaccines (Mahdi and Khaddafi, 2020), it is expected that in this way can overcome the spread of Covid-19, but in fact the development of cases exposed to Covid-19 is always increasing (Aditantri et al., 2021). In addition, there are many companies affected by one of them is the Cigarette Company, because the Covid-19 pandemic is also hit so that the weakening of cigarette issuers on the Indonesia Stock Exchange (IDX) and the existence of a government policy, namely PSBB to emphasize the spread of the Covid-19 virus indirectly limits the purchasing power of consumers (Budiharto, 2021).

The cigarette demand weakened during the Covid-19 pandemic, the volume of consumption of all industries decreased compared to the previous year from 12.8% to 110.4 billion cigarettes (Ioannidis and Jha, 2021). The condition of the company certainly has an influence on financial performance in addition to it also causes the stock price of cigarette issuers to be depressed, shares of PT Handjaya Mandala Sampoerna Tbk (HMSP) fell 2.99% to IDR 1,460, shares of PT Gudang Garam Tbk (GGRM) fell 0.37% to IDR 40,850, shares of PT Bentoel Internasional Investama Tbk (RMBA) fell 4.47% to IDR 342, PT Wismilak Inti Makmur Tbk (WIIM) weakened 0.93% to IDR 535 and PT Indonesian Tobacco Tbk (ITIC) fell 0.77% to the level of IDR 645 (Suprihanti et al., 2018). The existence of the Covid-19 pandemic affects capital market activity, the existence of these events makes investors wise in making a decision to investing (Machmuddah et al., 2020).

Asmirantho and Somantri (2017) determined the effect of liquidity, solvency, activity, profitability and market with Current Ratio (CR), Debt to Equity Ratio (DER), Total Assets Turnover (TATO), Return on Equity (ROE), and Earnings per Share (EPS), as indicators, of the pharmaceutical company listed in Indonesia Stock Exchange during the period 2012-2016 to stock price. Widyastuti (2019) discussed of the effect of liquidity, activity and leverage on company performance and the value of food and beverage companies listed on the Indonesia Stock Exchange. Iwayan and Anom (2020) proposed the effect of return on investment, earning per share, operational cash flow, economic value added, and market value added towards the stock return at manufacturing companies in Indonesia Stock Exchange. Bustani et al. (2021) examined the effect of Earning Per Share (EPS), Price to Book Value (PBV), Dividend Payout Ratio (DPR), and Net Profit Margin (NPM) on the stock price. However, discussion about financial performance and stock prices before and after Covid-19 in cigarette companies is still not found in other literature.

The main objective of this study is investigated differences in financial performance and stock prices before and after Covid-19 in cigarette companies. Financial performance in this study is measured using three ratios namely Return on Asset (ROA), Operating Profit Margin (OPM) and Net Profit Margin (NPM)

2. Literature Review

2.1. Financial Performance

Financial performance is the success of an organization or company in achieving all its financial goals, including maximization of shareholder wealth, maximization of profits, increased revenue, increased earnings per share and liquidity growth (Eke, 2018). Financial performance is an achievement of the company in financial aspects related to income, total operating costs, debt structure, assets and dividends (Devi et al., 2020). Three financial performance ratios were used in this study in the form of ROA, OPM and NPM to find out the financial condition of cigarette companies.

2.1.1 Return on Asset (ROA)

ROA is the ratio to knowing the profits generated and utilizing the assets it already has by measuring the effectiveness of the company. The ROA is the ratio used to review a company can earn profits purely based on certain assets from an investor's perspective and is an index for assessing business prospects by observing the company's revenue growth.

While according to Syarifah (2021), a good ROA is a ROA that has a large or high value, it makes investors interested in the company, and also causes the stock price to rise, the return of shares also rises. Here's the ROA formula:

$$ROA = \frac{\text{Net Income After Tax}}{\text{Total Asset}} \times 100\% \quad (1)$$

2.1.2 Operating Profit Margin (OPM)

OPM is required in calculating how much the company profits from the income earned after paying all variable costs of production before paying all interest expenses and income taxes (Choiriyah et al., 2020). OPM is a pure profit generated from the company's operating results before being taken into account with its obligations. A healthy company is one that can emphasize expenses wisely, with this ratio very important to use to review a healthy company condition. OPM compares the company's operating profit with revenue, OPM can be formulated as follows:

$$OPM = \frac{\text{Operating Profit}}{\text{Sales}} \quad (2)$$

With this OPM ratio, investors can know the operation of a well-managed company, if the more effective and efficient the company's operations, the more profits increase.

2.1.3 Net Profit Margin (NPM)

Is the percentage that calculates income tax deductible from sales, if the NPM value is high, the company's operations are good as well, and vice versa (Nariswari and Nugraha, 2020).

NPM is the ratio needed to know and calculate the financial performance of a company, it is about the success of a company in generating profits based on sales that can result in increased dividends and investor interest (Fathihani, 2020), NPM can be formulated as follows:

$$NPM = \frac{\text{Net Income}}{\text{Net Sales}} \quad (3)$$

2.2. Share Price

The stock price is the price displayed in the IDX, determined by market participants and influenced by the demand and supply of the shares concerned, if the demand for shares in the capital market is high enough then the price tends to be higher and vice versa (Hasbullah et al., 2020). If a Share is over-demanded, the Share price will tend to rise. Conversely, if the offer is over-offered, the Share price tends to fall. The Share price indicator in this study is taken from the closing Share price value.

3. Methodology

Secondary data in the form of company financial statement data that has been published on the official website of the IDX is www.idx.co.id and the official website of the Cigarette Company (Swastika, 2013). The technique of collecting data in this study by consulting in the form of journals and articles related to this research, and also using documentation methods is the collection of data from the cigarette company's financial statements in 2019 - 2020. This study uses a sample method in the form of Census Sampling because the entire population is sampled. The wilcoxon test was used as a data analysis tool in this study, previously conducting a normality test using the help of SPSS 26.

The financial statements of cigarette companies registered with the IDX are used as subjects in this study and can be accessed from the official website of the IDX and cigarette companies. This type of research uses a quantitative approach, which is used to assess differences in financial performance and stock prices in cigarette companies before and after Covid-19. The cigarette companies listed on the Stock Exchange are used as the population in this study, the following is Table 1.

Table 1. Research Population

No	Stock Code	Company Name
1	RMBA	Bentoel International Investama Tbk
2	HMSP	Handjaya Mandala Sampoerna Tbk
3	GGRM	Gudang Garam Tbk
4	WIIM	Wismilak Inti Makmur Tbk
5	ITIC	Indonesian Tobacco Tbk

As for how to take samples using the Census Sampling method. Therefore, the sample is the entire population of Cigarette Companies registered with the IDX in the third quarter of 2019 to the fourth quarter of 2020. Before testing the hypothesis test, first carry out the standard test used to check the normality of the data, then perform the Paired Sample t-test, if a normality test is obtained, namely the data is not normally distributed, it will be replaced with the Wilcoxon test, which is used to test two group differences. paired data, besides that it also considers the direction of the difference, and the relative magnitude of the difference.

4. Results and Discussion

The normality test is done before testing the hypothesis because the data is no more than 50 then using Shapiro Wilk, contained in Table 2.

Table 2. Normality Test

Variable	Period	Critical Value	Shapiro Wilk Sig	Information
ROA	Before	0.05	0.005	Abnormal
	After	0.05	0.374	Normal
OPM	Before	0.05	0.081	Normal
	After	0.05	0.001	Abnormal
NPM	Before	0.05	0.207	Normal
	After	0.05	0.008	Abnormal
Share Price	Before	0.05	0.000	Abnormal
	After	0.05	0.000	Abnormal

The explanation of Table 2 shows that the data tends to have a value of significance that is less than the significant value applied i.e. ($\alpha = 0.05$), it is concluded that the data is not normal distribution. Data may not meet the requirements for the parametric statistical test is the Paired Sample t-test. Therefore, the correct way to do this is to replace it with a

non-parametric statistical test is a paired sample test that is a Wilcoxon test that is needed to determine whether there is a difference between the two and no normal distributed data is needed.

Table 3. Wilcoxon ROA Test

		N	Mean Rank	Sum of Ranks
After-Before	Negative Ranks	9 ^a	8.33	75.00
	Positive Ranks	6 ^b	7.50	45.00
	Ties	0 ^c		
	Total	15		

The Wilcoxon test can be explained in Table 3 as follows:

- Negative ranks are the result of a negative difference of ROA there are as many as 9 data, meaning that 9 data show a decrease from before Covid-19 to after Covid-19. The mean RANK of ROA is 8.33 as well as the number of negative ROA rankings of 75.00.
- Positive Ranks is a positive difference in ROA results there are as many as 6 data, meaning that 6 data show an increase from before Covid-19 to after Covid-19. The mean rank of ROA is 7.50 as well as the number of ROA positive ratings of 45.00.
- Ties are the similarity of ROA data is 0.

To find out if there are significant differences in ROA before and after Covid-19 in Cigarette Companies, it can be found in Table 4.

Table 4. Hypothesis Test (ROA)

	After - Before
Asymp. Sig. (2-tailed)	0.394

In Table 4, the result of 0.394 means that the result is more than 0.05, the conclusion is that it does not show any significant difference in ROA before and after Covid-19 in cigarette companies. This is because the average Indonesian is a smoker, shown in Figure 1.

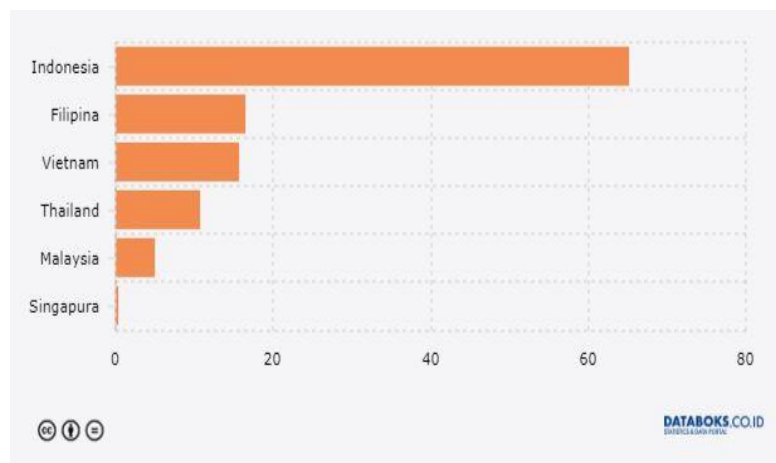


Figure 1. Number of Smokers in Various ASEAN Countries

Based on Figure 1, the report shows that the highest number of smokers in Asia is Indonesia, because cigarettes are considered a staple product by most people, although in this pandemic period does not make people stop smoking because of the state of the economy, because cigarettes like basic necessities, smokers replace cigarettes from expensive prices to move to cheaper prices to products wismilak Inti Makmur Tbk. (WIIM) with high tar content and cheaper price. Their cigarette needs are still met.

Table 5. Wilcoxon OPM Test

		N	Mean Rank	Sum of Ranks
After-Before	Negative Ranks	10 ^a	6.60	66.00
	Positive Ranks	5 ^b	10.80	54.00
	Ties	0 ^c		
	Total	15		

The results of Wilcoxon test can be seen in Table 5. The following are the results of the analysis obtained from Table 5

1. Negative ranks are the result of negative DIFFERENCE OPM there are as many as 10 data, meaning 10 data shows a decrease from before Covid-19 to after Covid-19. The mean rank of OPM is 6.60 as well as the number of negative OPM ratings of 66.00.
2. Positive Ranks is a positive difference in OPM results there are as many as 5 data, meaning that 5 data show an increase from before Covid-19 to after Covid-19. The mean rank of OPM is 10.80 and the number of OPM positive ratings is 54.00.
3. Ties are the similarity of OPM data is 0.

To find out if there are significant differences in OPM before and after Covid-19 in Cigarette Companies, it can be found in Table 6.

Table 6. Hypothesis Test (OPM)

	After - Before
<u>Asymp. Sig. (2-tailed)</u>	<u>0.733</u>

Based on Table 6, the result of 0.733 means that the result is more than 0.05, the conclusion is that it does not show any significant difference in OPM before and after Covid-19 in cigarette companies, because opm's goal is in the form of pure profit generated from the company's operating results before being taken into account with the obligations of a company, because the volume of sales to cigarette companies industrially in the second quarter of 2020 decreased by 17.5% while in the third quarter of 2020. In 2020, it was better than the previous quarter, which decreased by 9.4% (Daryanto et al., 2021).

Table 7. Wilcoxon NPM Test

		N	Mean Rank	Sum of Ranks
After-Before	Negative Ranks	2 ^a	4.00	8.00
	Positive Ranks	13 ^b	8.62	112.00
	Ties	0 ^c		
	Total	15		

The results of Wilcoxon test can be seen in Table 7. The following are the results of the analysis obtained from Table 7

1. Negative ranks are the result of a negative difference of 2 data, meaning that 2 data show a decrease from before Covid-19 to after Covid-19. The npm mean rank is 4.00 and the total npm negative rank is 8.00.
2. Positive Ranks is a positive difference in NPM results of 13 data, meaning that 13 data show an increase from before Covid-19 to after Covid-19. The mean rank of NPM is 8.62 and the number of NPM positive ratings is 112.00.
3. Ties are similarity of NPM data is 0.

To find out if there are significant differences in NPM before and after Covid-19 in Cigarette Companies, it can be found in Table 8.

Table 8. Hypothesis Test (NPM)

	After - Before
<u>Asymp. Sig. (2-tailed)</u>	<u>0.003</u>

Based on Table, the result of 0.003 means that the result is less than 0.05 conclusion that shows a significant difference in NPM before and after Covid-19 in cigarette companies. Because during the Covid-19 pandemic sales continue to decline even though it has increased, because the NPM formula is all calculated after tax to compare net

income with net sales. This percentage indicates the percentage of sales after deducting all costs associated with the sales process.

Based on government policy through the Minister of Finance, the Minister of Finance issued the regulation number 23 2020 (PMK 23 2020) on tax incentives for taxpayers affected by the 2019 coronavirus pandemic. These incentives are used as a government response to lower productivity by a company. Companies should pay attention or use the policy well, aimed at helping to increase a company's net profit.

Table 9. Wilcoxon Share Price Test

		N	Mean Rank	Sum of Ranks
After-Before	Negative Ranks	9 ^a	9.89	89.00
	Positive Ranks	6 ^b	5.17	31.00
	Ties	0 ^c		
	Total	15		

The results of Wilcoxon test can be seen in Table 7. The following are the results of the analysis obtained from Table 7

1. Negative ranks are the result of a negative difference in stock prices there are as many as 9 data, meaning that 9 data show a decrease from before Covid-19 to after Covid-19. Mean rank of stock price is 9.89 and the number of negative ratings of the stock price is 89.00.
2. Positive Ranks is a positive difference in stock price results there are as many as 6 data, meaning that 6 data show an increase from before Covid-19 to after Covid-19. The mean rank of the stock price is 5.17 and the number of positive ratings of the stock price is 31.00.
3. Ties is the similarity of stock price data is 0.

To find out if there is a significant difference in the stock price before and after Covid-19 in cigarette companies, it can be known in Table 10.

Table 10. Hypothesis Test (Share Price)

	After - Before
Asymp. Sig. (2-tailed)	0.100

Based on Table 10, the result of 0.100 means that the result is more than 0.05 conclusion that does not show any difference in stock price before and after Covid-19 in cigarette companies. In the Covid-19 pandemic there was a decrease in the stock price but did not decline far, not because the Covid-19 pandemic alone caused the stock price to decrease but due to factors from the government's policy towards the increase in excise rates that are too high. The increase in customs on the cigarette industry can be seen in Figure 2.

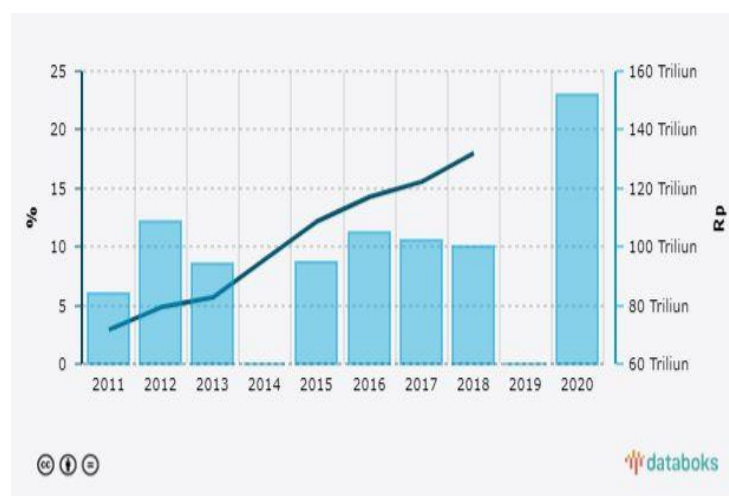


Figure 2. Cigarette Customs Increase (2011-2020) in IDR

Figure 2 show the very high increase in 2020 on average by 23%, the policy has a negative impact on cigarette companies in Indonesia. This makes the stock price decrease, and also cigarettes are still considered a staple product

by most people, they still consume cigarettes even by switching to cheaper cigarettes such as wismilak products. The Wismilak Company even in the Covid-19 pandemic always increases in the stock price from before the Covid-19 pandemic as not affected by Covid-19.

5. Conclusion

The conclusions obtained from this study were taken using wilcoxon tests for all Cigarette Companies registered with idx in the period Q3 of 2019 to Q4 of 2020. The financial performance ratios in this study show that: First, there is no significant difference in ROA before and after Covid-19. Second, there is no significant difference in OPM before and after Covid-19. Third, there are significant differences in NPM before and after Covid-19. While the stock price has no significant difference before and after covid-19. With this research, it is hoped that it will be used as material for consideration by investors and potential investors in taking a policy or decision to invest appropriately.

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