

Financial Performance Analysis of the Main Board Companies in the Basic Materials Sector on the Indonesia Stock Exchange for the 2020–2024 Period

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Abstract

This study aims to analyze the financial performance of main board companies in the basic materials sector listed on the Indonesia Stock Exchange during the 2020–2024 period using the Return on Assets (ROA) ratio. The research employs a descriptive quantitative method utilizing secondary data obtained from companies' financial statements. The analysis technique involves calculating and comparing ROA values across companies and examining performance trends over the observation period. The results indicate that financial performance tends to fluctuate. The industry's average ROA increased from 2020 and peaked in 2022, reflecting economic recovery following the COVID-19 pandemic. However, a decline occurred in 2023 before improving again in 2024. At the firm level, some companies such as INTP demonstrated stable performance, while others like ANTM and TINS showed significant volatility due to commodity price fluctuations. In conclusion, the basic materials sector has strong profitability potential but is accompanied by relatively high risk due to its sensitivity to global economic conditions. Therefore, companies are expected to improve asset management efficiency, while investors should consider performance stability when making investment decisions.

Keywords: Financial Performance, Return on Assets (ROA), Basic Materials Sector.

1 INTRODUCTION

The basic materials sector plays a crucial role in Indonesia's economy as it serves as the foundation for various other industries, such as manufacturing, construction, and infrastructure. Companies listed on the main board of the Indonesia Stock Exchange (IDX) are generally large firms with high levels of stability and market capitalization [1]. This condition makes the financial performance of companies in this sector an important indicator that reflects the overall health of the economy.

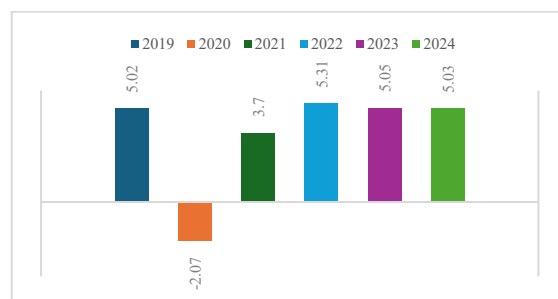


Chart 1. Indonesia's Economic Growth 2020-2024

Over the past few years, particularly during the 2020–2024 period, economic conditions have experienced significant dynamics. The year 2020 marked the onset of major pressures due to the COVID-19 pandemic, which led to a decline in economic activity, disruptions in supply chains, and

weakened consumer purchasing power. In the following years, the economy began to show signs of recovery; however, new challenges emerged, such as commodity price fluctuations, global inflation, and geopolitical uncertainty. These changes have directly impacted corporate financial performance, especially in the basic materials sector, which is highly sensitive to raw material price changes and global market conditions [2], [3].

Not all companies have been able to respond to these conditions in the same way. Some firms have managed to maintain or even improve their performance, while others have experienced declines. These differences can be observed in various aspects of financial performance, such as profitability, liquidity, and debt management [4]. This situation raises an important question: to what extent are companies able to survive and adapt to the dynamic business environment [5].

On the other hand, information on financial performance is highly essential, particularly for investors, academics, and company management [6]. Investors require clear and reliable information to make investment decisions, while management needs performance evaluations as a basis for developing future strategies [7][8]. Therefore, financial performance analysis becomes an important tool to provide a clear picture of a company's condition [9][10].

Based on these considerations, this study is relevant as it aims to provide a more comprehensive overview of the financial performance of main board companies in the basic materials sector listed on the Indonesia Stock Exchange during the 2020–2024 period. In addition, this research is expected to contribute to the need for empirical studies that examine the current condition of companies amid complex economic changes.

This research is important due to the need for up-to-date and in-depth information on corporate financial performance, particularly in a strategically important sector such as basic materials. Moreover, the research period, which spans from crisis to economic recovery, provides added value in understanding how companies adapt to changing conditions. The findings of this study are expected to offer both academic and practical benefits, especially in supporting more informed decision-making.

2 LITERATURE REVIEW

2.1 Financial Management

Financial management is a process of financial administration that involves planning, managing, storing, and controlling funds and assets owned by a company effectively as part of strategies and efforts to

generate profits for the company's owners and investors. Financial management focuses on the efficient and effective use of capital, borrowed funds, and other business resources, as well as making appropriate decisions to maximize profits and enhance the value of an entity [11].

2.2 Financial Statements

Financial statements are used as a source of information regarding a company's condition and can be utilized to evaluate its performance. A financial statement is the final result of a series of recording and summarizing processes of financial transaction data [12]. Therefore, accountants are required to have the ability to prepare accounting data into financial statements, as well as to interpret and analyze the resulting reports.

2.3 Financial Statement Analysis

Financial statement analysis is an important component carried out by companies to assess their financial health. It is defined as a process of breaking down financial statements into their components and examining each element in detail [13].

Profitability describes the relationship between income and assets or capital that generates profit. In other words, profitability refers to a company's ability to generate earnings over a certain period. Return on Assets (ROA) is one of the profitability ratios used to measure a company's ability to generate profit from the total assets invested in its operations [14].

3 RESEARCH METHODS

This study employs a descriptive quantitative research design, which aims to systematically describe and analyze corporate financial performance based on numerical data [15]. This approach is chosen because it provides an objective overview of a company's financial condition through the measurement of financial ratios over the study period without conducting causal hypothesis testing.

The scope or object of this research consists of companies classified under the main board in the basic materials sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The selection of this object is based on the strategic role of the basic materials sector in supporting industrial activities, as well as the characteristics of main board companies, which tend to be more stable and have more complete financial data.

The main data and tools used in this study are secondary data, including annual reports and audited financial statements obtained from the official website

of the Indonesia Stock Exchange and the respective companies' official websites.

The data collection technique is conducted through the documentation method, which involves collecting, recording, and reviewing the financial statements of the sampled companies [15]. The data collected include information on profit, assets, liabilities, and equity, which are required to calculate financial ratios.

The data analysis technique is carried out descriptively by calculating financial ratios and analyzing their values to assess the companies' financial performance. The results are then presented in the form of tables and graphs to facilitate understanding and are compared across companies to identify performance differences within the same sector.

Return on Assets (ROA) Ratio

The Return on Assets (ROA) ratio is analyzed using the following formula [13].

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$$

4 RESULTS AND DISCUSSION

Table 1. Return on Assets in the Basic Materials Sector (BEI) for the 2020-2024 Period

Code Emiten	2020	2021	2022	2023	2024
ANTM	3,62%	5,66%	11,36%	7,18%	8,65%
BRMS	0,69%	7,12%	1,26%	1,28%	2,17%
BRPT	1,91%	3,20%	0,35%	0,98%	1,17%
INCO	3,57%	6,70%	7,53%	9,38%	1,82%
INKP	3,50%	5,90%	8,91%	4,10%	3,60%
INTP	6,60%	6,84%	7,16%	6,57%	6,60%
ISSP	2,90%	6,96%	4,12%	6,47%	6,40%
LTLS	1,36%	4,49%	5,27%	2,86%	3,64%
MDKA	3,10%	2,61%	1,70%	0,11%	0,20%
SMGR	3,58%	2,50%	2,85%	2,65%	0,93%
TINS	-2,35%	8,87%	7,97%	-3,50%	9,27%
TKIM	4,82%	7,90%	13,01%	4,76%	7,70%
WTON	1,45%	0,93%	1,81%	0,26%	0,89%
industry average	2,60%	5,25%	5,48%	2,81%	4,27%

Based on the Return on Assets (ROA) table of main board companies in the basic materials sector

listed on the Indonesia Stock Exchange for the 2020–2024 period, it can be observed that the profitability performance of companies shows considerable fluctuations, both individually and at the industry level. ROA is used as an indicator to measure a company's ability to generate profit from its total assets; therefore, a higher ROA indicates greater efficiency in asset utilization.

In general, the industry average increased from 2.60% in 2020 to 5.25% in 2021 and further rose to 5.48% in 2022. This trend indicates a recovery in company performance following the pressures of the COVID-19 pandemic in 2020. The improvement was likely driven by the recovery of economic activity, rising demand, and increasing commodity prices that benefited the basic materials sector. However, in 2023, the industry average declined significantly to 2.81%, before rising again to 4.27% in 2024. The decline in 2023 may reflect external pressures such as global commodity price fluctuations, inflation, and rising production costs.

From an individual perspective, several companies demonstrated strong and consistent performance. INTP (Indocement Tunggul Prakarsa Tbk), for instance, maintained a relatively stable ROA in the range of 6%–7% throughout the study period, indicating effective asset management. Similarly, ISSP and INKP showed relatively high ROA values, despite experiencing slight declines in certain years.

On the other hand, some companies exhibited sharp fluctuations. ANTM (Aneka Tambang Tbk) recorded a significant increase from 3.62% in 2020 to 11.36% in 2022, before declining in subsequent years, suggesting a strong dependence on volatile commodity prices. TINS (Timah Tbk) also showed an unstable pattern, with negative ROA values of -2.35% in 2020 and -3.50% in 2023, before rising sharply to 9.27% in 2024. This indicates a relatively high level of business risk and sensitivity to market changes.

Meanwhile, several companies exhibited relatively low performance. MDKA, for example, experienced a sharp decline in ROA from 3.10% in 2020 to only 0.20% in 2024, indicating decreased efficiency in asset utilization or rising operational costs not matched by revenue growth. WTON and BRPT also showed low and relatively stagnant ROA values, reflecting limited ability to generate profits from their assets.

It is also noteworthy that 2022 marked the peak performance for many companies, such as TKIM, which achieved the highest ROA of 13.01%, and INCO with 7.53%. This suggests that 2022 was an optimal period for the basic materials sector, likely driven by a surge in global commodity prices. However, most companies experienced declines

afterward, indicating that the sector's performance is highly influenced by external factors.

Overall, the analysis shows that the financial performance of basic materials sector companies on the IDX during 2020–2024 tends to be unstable and strongly influenced by macroeconomic conditions and commodity price fluctuations. Companies that are able to maintain consistent ROA demonstrate superior operational efficiency and asset management, while those with high volatility tend to face greater risks.

5 CONCLUSION

Based on the results of the financial performance analysis measured using Return on Assets (ROA) for main board companies in the basic materials sector listed on the Indonesia Stock Exchange during the 2020–2024 period, it can be concluded that profitability performance exhibits a fluctuating pattern both individually and at the aggregate industry level. This indicates that a company's ability to generate profit from its assets is highly influenced by macroeconomic conditions, commodity price dynamics, and internal company factors.

In general, the industry average showed a significant increase from 2020 and reached its peak in 2022, indicating a phase of economic recovery following the COVID-19 pandemic. However, a sharp decline occurred in 2023 before performance improved again in 2024. This pattern suggests that the basic materials sector is highly sensitive to global changes, such as inflation, geopolitical instability, and fluctuations in raw material prices.

At the individual level, some companies demonstrated stable and consistent performance, such as INTP, reflecting efficiency in asset management and strong operational strategies. On the other hand, companies such as ANTM, TINS, and TKIM exhibited considerable fluctuations, indicating a strong dependence on external conditions, particularly commodity prices. Additionally, some companies showed relatively low and declining performance, such as MDKA and WTON, highlighting the need for improvements in asset management and operational efficiency.

Therefore, it can be concluded that although the basic materials sector has strong profitability potential, it is also associated with relatively high risk. Companies are required to improve asset utilization efficiency, manage costs effectively, and anticipate external risks to maintain more stable financial performance. For investors, these findings suggest that investment decisions in this sector should consider not only profitability but also the stability and consistency of company performance.

This study reinforces profitability theory, which posits that a company's ability to optimally manage its assets is a key determinant in generating profits [13]. The observed fluctuations in Return on Assets (ROA) indicate that profitability is influenced not only by internal factors such as operational efficiency and management strategy, but also significantly affected by external factors, including macroeconomic conditions and commodity price volatility.

Furthermore, these findings support the industry cycle theory, whereby the basic materials sector tends to exhibit performance patterns that follow global economic cycles. Thus, this study contributes to enriching the literature on the dynamics of financial performance in commodity-based sectors within emerging markets, particularly in Indonesia.

This study also has several limitations that provide opportunities for future research. These include the use of more advanced analytical methods, such as panel data regression or Structural Equation Modeling (SEM), to examine causal relationships among variables, as well as the inclusion of additional variables such as capital structure (DER), liquidity (CR), operational efficiency (BOPO), and macroeconomic factors (inflation, interest rates, and exchange rates) to obtain a more comprehensive analysis.

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