

Analysis of Financial Performance at Industrial Estate of Makassar at The Year 2013-2020

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Abstract

Industry is very important to increase economic activity. By analyzing the financial performance with ratio, vertical and horizontal analysis, we could assess financial condition and development of Industrial Estate of Makassa. The research used descriptive quantitative approach. The data consists of primary and secondary data. The primary data was collected by interviewing stakeholder dan local government. In the terms of secondary data, the research used financial statements of Industrial Estate of Makassar in 2013-2020. The research showed financial performance of Industrial Estate of Makassar during 2013-2020 were satisfied. It was shown that an optimal profitability, appropriate liquidity and solvency. However, activity ratio revealed less effective in asset management, hence Industrial Estate of Makassar needs to increase operational activities. Moreover, the result of interview gives two things that correlate each other. Firstly, the findings revealed that Industrial Estate of Makassar more focus on recurring income to increase financial performance, such as service charge, waste management, and fiber optic cable installation. Secondly, the expansion of industrial trend in middle-eastern Indonesia has been supported by Makassar New Port. The interest of investors to invest or set company up in Makassar which leads positive impact to Industrial Estate of Makassar to perform better.

Keywords: financial ratio analysis, vertical analysis, horizontal analysis

INTRODUCTION

The empirical research that has been done is by Lakada, et al (2017) which shows the financial performance of PT. Unilever Indonesia Tbk in 2012-2016 is very good. In research that uses horizontal and vertical methods for financial performance shown by the research of Sari, et al (2021) in PT. Mandom Indonesia was optimal. However, Supit et al (2016) has done the same research which indicated items in the financial statements fluctuated for the 2011-2015.

Meanwhile, other studies have shown different results, such as the research conducted by Tinambunan (2017) with vertical analysis has found several factors causing fluctuations in financial ratios. Another study by Shaqqour (2020) found result that the application of vertical and horizontal integration between strategic management accounting and operational and strategic decision making was to reduce financial failures in companies listed on the Amman stock exchange.

The phenomenon of research depicts different results due to different business sectors that may affect business risk, revenue and budget planning. This can directly affect the percentage of optimal financial performance in each sector of the business industry. Based on the background presented, the researchers intend to develop research on the analysis of financial performance at Industrial Estate of Makassar within period 2013-2020. The type of research used in this research is descriptive quantitative research.

LITERATURE REVIEW

A. Industrial Estate

An industrial estate as a place to do industrial activity is a strategical area furnished with good quality facilities. The industrial area is managed by a single authority who has legality in dealing with tenants. The authority makes various regulations/stipulations in the context of the management and operation of industrial estates such as zoning rules, accessibility, and the use of various utilities (Kumar, 2008).

The development of industrial estates aims to encourage the growth of the industrial sector to be more focused and integrated, and to provide more optimal benefit for the region where the industrial area is located (Winardi et al., 2019). UNIDO (2012) distinguishes between the objectives of industrial estate development in developed and developing countries. In developed countries, industrial estate minimizes negative externalities such as pollution and congestion, so that industrial areas are planned as warehouse clusters and distribution centers, even in some countries, industrial areas are converted into eco-industrial parks, while in developing countries, industrial areas aim to (a) encourage economic growth and employment in national, regional and local levels; (b) attract foreign investment; and (c) catalyze the development of the industrial sector.

Winardi et al's research (2019) on the role of industrial estates explained that industrial estates are one of the determining factors in the development of the manufacturing industry. Theoretically, industrial companies that located in industrial areas will add value and increase productivity, efficiency, dan economic income of the region. The purpose of this study is to analyze the role of industrial estates in overcoming the symptoms of deindustrialization using the Social Accounting Matrix Model. The results of the analysis showed that industrial estates have an important role in increasing economic income and greater employment, so that it will indirectly have an impact on accelerating the industrialization process as well as overcoming the symptoms of deindustrialization.

B. Financial Performance

The financial performance of a company is very beneficial for the parties such as investors, creditors, observers, financial consultants, brokers, the government, and the management itself. Financial statements are reports that basically consisted by balance sheets and income statements. If those reports are prepared properly and accurately, they can indicate the condition of the company and achievements over a certain period. This way will be used to assess the company's performance (Martono and Harjito, 2005).

C. Financial Ratio

Financial ratios are comparisons between two accounts of financial statements that show an indicator of financial health at a certain time (Helbert, 1996). The purpose of financial ratio analysis is to determine the relationship between accounts of balance sheet and profit and loss, and to measure the capabilities and weaknesses of the company. The financial ratios consist of profitability ratios, liquidity ratios, solvency ratios and activity ratios.

According to Harmono (2009), profitability ratio describes the company's fundamental performance in efficiency and effectiveness of the company's operations in obtaining profits. Companies that have a high level of profit means the company's performance is good and vice versa.

The liquidity ratio describes the company's ability to settle its short-term obligations. These ratios can be calculated through information about working capital, namely current assets and current liabilities (Harahap, 2009).

The solvency ratio is the ratio used to measure how long company's assets are financed with debt. Sources of funds that can be obtained are from sources of loans or own capital (Kasmir, 2009). This ratio can be calculated from long-term items such as fixed assets and long-term debt.

The activity ratio is ratio that measures the effectiveness of the company in using assets. According to Harahap (2009), the activity ratio is a ratio that describes the business activities carried out by the company's operations, both in sales, purchasing and other activities.

D. Vertical Analysis

The vertical (static) analysis method is an analytical method that analyzes financial statements for a certain period by comparing one item to another in the same period of financial report. In a vertical analysis of the balance sheet, each asset item is expressed as a percent of total assets. Each liability and owner's equity item are expressed as a percent of total liabilities and owner's equity. In a vertical analysis of the income statement, each item is expressed as a percent of total revenue or income (Tinambunan, 2017).

E. Horizontal Analysis

Horizontal (dynamic) analysis is comparative analysis, it is carried out by presenting financial statements horizontally and comparing a current year's financial statement account with the previous year's financial statement account. The purpose of this comparative analysis is to determine changes of the account in financial statement (Harahap, 2009).

Conceptual Model

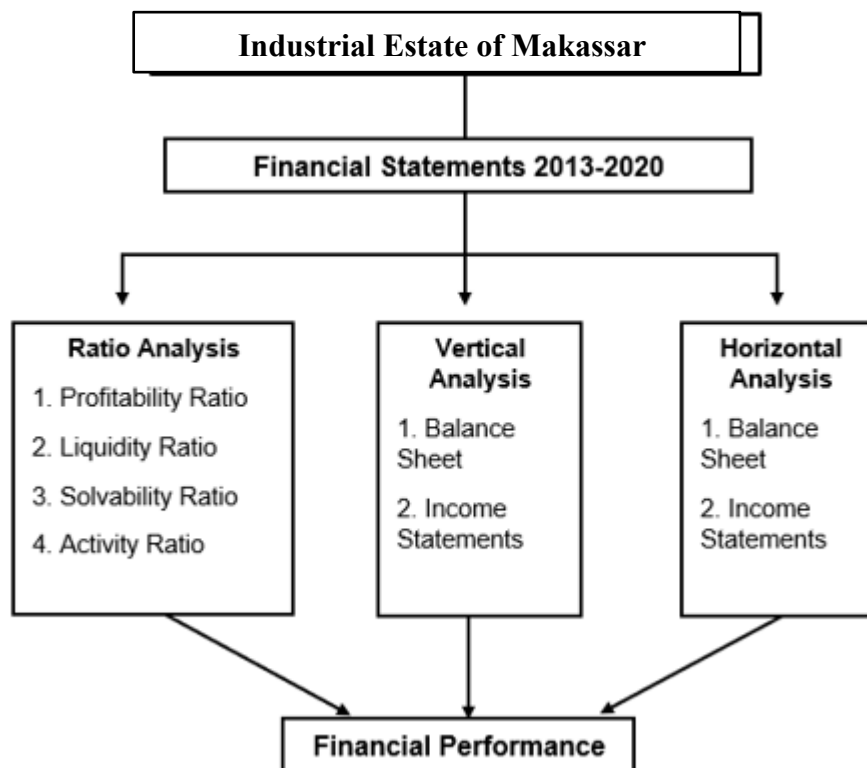


Figure 1. Conceptual Model

Based on **Figure 1**, it shows how to determine financial performance by ratio analysis, vertical analysis, and horizontal analysis. The result of analysis will indicate the capability of company in managing its assets to earn maximum profit each year as planned.

RESEARCH METHOD

Location and Research Design

This research has been done in PT Kawasan Industri Makassar, located on Jalan Perintis Kemerdekaan Km 15 Daya, 90241, Makassar, South Sulawesi. The company performs land acquisition and maturation for industrial areas, also provides rental warehouse, waste and water management services.

The research used descriptive quantitative approach with the data was collected from financial statements which has been prepared by the company. This research can find the correlation between liquidity and profitability. Therefore, it is kind of cause-effect research

Population and Samples

The sources of data in this study were primary and secondary data. Primary data was interviews conducted to parties related to Industrial Estate of Makassar and business development in South Sulawesi. Meanwhile, secondary data was used as essential material for writing and research results. These data are sources of information that do not directly have authority and are the result of documentation, where secondary data are generally as financial statements or company records that have been audited. From this statement, the secondary data used is the financial statements of Industrial Estate of Makassar within period 2013 to 2020 which have been audited, especially the balance sheet and income statements.

Data Collection Method

Data collection method used in this research was interview and documentation technique with numerical data. Two numerical data are audited balance sheet and income statements of Industrial Estate of Makassar within period 2013 to 2020.

The results of the research will be supported by in-depth interviews with stakeholder of Industrial Estate of Makassar and person related to business development in South Sulawesi. The in-depth interview method is a qualitative technique that involves intensive conversation with a small but selective number of respondents to explore their perspectives regarding a particular idea, program, or situation. For example, in-depth interviews with staff, event participants, and others related to the researched program. The contents of these interviews can include respondents' experiences and expectations regarding the program, their thoughts about program operations, processes, and outcomes, and about the changes they feel in themselves as a result of involvement in the program (Boyce and Neale, 2006).

Data Analysis Method

Financial performance analysis in this study consists of ratio analysis, vertical analysis, and horizontal analysis.

Ratio Analysis

Ratio analysis was analyzed as profitability, liquidity, solvency and activity.

1. Profitability ratios are ROA, ROE and NPM

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

$$\text{ROE} = \frac{\text{Net Income}}{\text{Total Equities}} \times 100\%$$

$$\text{NPM} = \frac{\text{Net Income}}{\text{Net Sales}} \times 100\%$$

2. Liquidity ratios are current ratio, quick ratio and cash ratio

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}} \times 100\% \quad \text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}} \times 100\%$$

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Short-Term Investment}}{\text{Current Liabilities}} \times 100\%$$

3. Solvency ratios are DAR and DER

$$\text{DAR} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \times 100\%$$

$$\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equities}} \times 100\%$$

4. Activity ratios are TATO, FATO and WCTO

$$\text{TATO} = \frac{\text{Net Sales}}{\text{Total Assets}}$$

$$\text{FATO} = \frac{\text{Net Sales}}{\text{Working Capital}}$$

$$\text{WCTO} = \frac{\text{Net Sales}}{\text{Current Assets} - \text{Current Liabilities}}$$

Vertical Analysis

Vertical analysis is percentage of each component by dividing each account with total assets for balance sheet and net sales for income statements:

$$\text{Vertical Analysis} = \frac{\text{Each account of Balance Sheet}}{\text{Total Assets}} \times 100\%$$

$$\text{Vertical Analysis} = \frac{\text{Each account of Income Statement}}{\text{Net Sales}} \times 100\%$$

Horizontal Analysis

In this study, we used comparative analysis that shows the growth of account within more than one year. Here are the following formulas:

$$\text{Absolute change (IDR)} = \text{Current year} - \text{Previous year}$$

$$\text{Change Percentage} = \frac{\text{Absolute Change}}{\text{Previous year}} \times 100\%$$

Methodology is optional for research publications. The research methodology is stated descriptively and includes the research design, population and sample, operational definitions, instruments, and analytic methods.

RESEARCH RESULT

Results of Ratio Analysis

The results of the analysis depict NPM did not have same pattern with ROA and ROE as the profitability has decreased quite sharply in 2014 except for NPM which has decreased slightly. This also happened when the drastic increase in 2016 was only in NPM, while ROA and ROE only rose drastically in 2017. Moreover, in 2018 NPM fell, but ROA and ROE increased which was then followed by an increase in NPM and a decrease in ROA and ROE in 2019-2020. It can be seen from the interpretation of the data that NPM tends to be inversely proportional to ROA and ROE. As we know, NPM consists of net sales which specifically refers to sales of land inventory. Furthermore, the sale of land at Industrial Estate of Makassar occurs once every five years so that after the

industrial land was sold in the first sales year and yielded a large income, then the rest three to five years only finished the remained industrial land that still needed to be sold, without adding to the ready-to-use land stock. Meanwhile, total assets and total equity were not only affected by the amount of land available for sale, hence the reduced inventory of ready-to-use land does not necessarily have a major impact on assets and equity.

The liquidity ratio decreased every year until 2018 got the sharpest decline, although in 2019 it rose again drastically, then slowly increased in 2020 due to the large increase in account payables of bank loans in order to finance land acquisition for new industrial areas. The lowest ratio in 2018 was the cash ratio, which was supported by a large decrease in cash due to operating costs. Both 2019 and 2020 account payable were slowly repaid, so that the liquidity ratio rose again. The fluctuation in the liquidity ratio is apparently the same as the solvency ratio. Total debt of Industrial Estate of Makassar is dominated by account payables, thus the increase in account payables from 2016-2018 made the DAR and DER ratios increased, then in 2019-2020 it fell again due to account payables that were slowly being paid off.

Table 1. Result of Ratio Analysis in 2013-2020

Ratio		Year								Average
		2013	2014	2015	2016	2017	2018	2019	2020	
Profitability Ratio	ROA	13,90	5,40	6,40	9,79	9,21	14,76	12,35	5,90	9,72
	NPM	67,50	55,07	55,65	216,77	373,08	81,95	90,90	199,32	142,53
	ROE	15,71	6,16	7,20	11,86	13,27	27,65	18,26	7,48	13,45
Liquidity Ratio	Current Ratio	552,24	465,29	547,30	434,89	348,86	171,85	419,31	499,27	429,88
	Cash Ratio	274,01	98,71	91,68	81,79	98,36	5,65	129,95	137,64	114,72
	Quick Ratio	284,78	221,90	272,22	259,47	232,49	74,31	294,74	347,54	248,43
Solvency Ratio	DAR	11,54	12,39	11,04	17,51	30,59	46,63	32,35	21,10	22,89
	DER	13,04	14,14	12,41	21,22	44,06	87,35	47,82	26,75	33,35
Activity Ratio	TATO	0,21	0,10	0,12	0,05	0,02	0,18	0,14	0,03	0,10
	FATO	0,44	0,18	0,22	0,11	0,06	0,84	0,36	0,07	0,29
	WCTO	0,47	0,27	0,29	0,10	0,06	0,64	0,29	0,06	0,27

Source: financial statement of PT. KIMA (2022)

Table 1 indicates the activity ratios used are TATO, FATO and WCTO. Analysis of this ratio provides an overview of the sales performance of Industrial Estate of Makassar in 2013-2020. The same fluctuation pattern is shown in the ratio of FATO and WCTO, because it is only influenced more by sales of industrial land, while TATO is not only influenced by sales, but also current assets. Consequently, sales decreased in 2016-2017 because some of phenomenon occurred, they were the supply of ready-to-use land reduced slowly, however in 2018 new land sales were prepared and began to decrease in 2019-2020. This pattern is seen every time Industrial Estate of Makassar conducted a land sale. In term of current assets, there was an increase in line with the increase of industrial land inventory, this made FATO not fluctuate too much.

Results of Vertical Analysis in Balance Sheet

Seeing **Table 2**, there was a drastic increase in 2018 and a sharp decline in 2019 for assets and debt. The pattern of fluctuation in assets and debt are almost the same, namely in 2013 to 2015 there was slightly large increase, then in 2016 and 2017 the rose was significantly high. Another thing happened in 2018 with a drastic and unstable increase, preceded by 2019, there was a fall until 2020 in debt slowly returning to the same value in 2017, while for assets it was still quite much higher than 2017. If asset accounts were observed, we would find a phenomenon that affects the rise and fall of assets. In 2018, Industrial Estate of Makassar provided new industrial land and warehouse based on investors' requests, this increases the assets of Industrial Estate of Makassar up to 35.62%.

Table 2. Results of Vertical Analysis in Balance Sheet in 2013-2020

Account	2013	2014	2015	2016	2017	2018	2019	2020
Cash	26,48	9,96	7,99	10,89	16,06	2,21	19,32	16,47
Account receivable	5,00	11,75	15,25	23,14	21,69	26,32	24,27	19,76
Industrial land inventory	20,51	23,99	22,91	21,93	18,66	10,58	13,61	18,07
New industrial land inventory	-	-	-	-	-	27,24	4,69	5,24
Total current assets	53,36	46,94	47,73	57,89	57,33	67,31	62,35	59,75
Investment property	8,49	8,50	7,92	6,66	5,00	-	10,78	13,04
Land, buildings, machine, equipment and vehicles	60,06	68,76	71,34	60,83	54,56	35,51	40,67	50,86
Accumulated depreciation of fixed assets	20,88	24,70	26,81	25,91	22,21	14,07	17,12	22,13
Total fixed assets	44,63	49,09	48,82	38,20	34,56	21,44	31,98	38,54
Warehouse inventory	-	-	-	-	-	7,38	-	-
Non-productive land inventory	0,93	0,93	0,87	0,73	0,55	0,31	-	-
Goodwill	-	-	-	-	6,24	2,54	4,23	0,25
Intangible assets	2,00	3,98	3,46	3,91	8,11	11,25	5,67	1,71
Total assets	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Account payable	1,99	2,08	3,16	5,32	4,50	31,95	6,59	4,67
Bank loan	-	-	-	2,14	5,15	2,04	3,38	3,65
Total current liabilities	7,70	10,01	7,46	12,72	16,43	39,17	14,87	11,97
Intangible liabilities	3,83	2,38	3,58	4,79	14,15	7,46	17,48	9,14
Total equity	88,46	87,61	88,96	82,49	69,41	53,37	67,65	78,90
Total liabilities and equity	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00

Source: financial statement of PT. KIMA (2022)

However, in 2019 the warehouse inventory ran out and a lot of new industrial land was sold, hence assets decreased, besides that cash was diverted to paying large amounts of account payables for the costs of providing new industrial land and warehouses. Meanwhile, in 2018 account payables increased three times from the previous year due to an increase in loans for the cost of acquiring new land, property, and warehouses. Thereby, in 2020 cash and account receivables were used to pay account payables gradually, as a result the increase in cash and account receivables was not significant, however account payables had decreased drastically until 2020, it made the total debt of Industrial Estate of Makassar almost equaled the total debt in 2017. Land inventory of Industrial Estate of Makassar is currently very limited, although Industrial Estate of Makassar will carry out land expansion in the Maros area, but has not focused on that yet. Additionally, we can assume that

fluctuation pattern is likely to be similar during the land sale for later years.

Results of Vertical Analysis in Income Statement

The results of the vertical analysis of the profit/loss report of Industrial Estate of Makassar were shown in **Table 3** that fluctuations in income are in the same direction as net income. The decrease in income occurred in 2014, 2019 and 2020. The value of land sales decreased twofold in 2014 and continued to decline because land supplies for ready-to-use areas continued to be purchased but there was no additional land inventory, hence land sales for 5 years (2013-2017) was focused to run out. Then in 2018, new area of land was prepared for sale and succeeded in increasing income, although the pattern of income decline was the same as for the 2013-2017 period, namely in 2019 and 2020 there was a decrease in the value of land sales. Thus, the strategy that Industrial Estate of Makassar take to increase revenue is focusing on sustaining recurring income rather than main sales as its main business. Recurring income includes industrial buildings rental, warehouse rental, heavy equipment service, container yard, fiber optic cable installation, and service charge consisting of drainage, industrial road, entry pass services, waste treatment, and clean water supply. This can be seen in the value of service income which is able to increase net profit significantly from 2018 to 2020. Furthermore, the result of interviews with stakeholder of Industrial Estate of Makassar implied the decision of Industrial Estate of Makassar will focus more on increasing recurring income such as service charge, fiber optic cable installation and clean water management.

Table 3. Results of Vertical Analysis in Income Statement in 2013-2020

Account	2013	2014	2015	2016	2017	2018	2019	2020
Net sales of land	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Revenue of warehouse and industrial buildings rental	8,86	19,88	19,61	49,40	82,05	7,82	11,82	64,55
Service revenue	38,09	87,04	70,77	396,41	859,17	70,23	100,53	628,48
Total revenue	146,95	206,91	190,38	545,81	1041,22	178,05	212,35	793,03
Operating expense	61,72	149,03	124,57	322,04	575,49	73,51	104,97	388,43
Intangible revenue	17,71	29,51	19,33	85,12	158,40	12,88	31,94	93,89
Net income	67,50	53,19	55,65	216,77	382,65	81,95	90,90	199,32

Source: financial statement of PT. KIMA (2022)

In the terms of expense accounts, there was a gradual increase from 2013-2018, however in 2020 the decrease occurred. There were three expense that increased dramatically in 2018, namely employee expense due to the increase in salaries of commissioners and directors and training which was twice as much as in 2017, maintenance costs were only realized due to a lack of funds in 2017 where the maintenance includes roads, WTP, and offices, as well as increased consulting fees and new land expansion. Then in 2020 no major maintenance was carried out and other plans had been completed such as providing new land and increasing employee salaries so that costs were reduced by around 15%. Even though expense had decreased, land sales seemed decreased too by about 80% because the ready-to-use land had been finished, whereas service revenues had only increased slightly because they had not been maximized. To that end, seeing the potential revenue from services can increase profits as in 2018-2019, Industrial Estate of Makassar conducts a feasibility study on service revenues to be able to maximize it in the following years.

Results of Horizontal Analysis in Balance Sheet

Based on **Table 4**, current assets experienced a drastic increase until 2018 reaching Rp. 219,122,800,328 and a very large decrease in 2019 with Rp. 192,829,186,238, in 2020 the decline began to decrease a lot. The drastic increase occurred due to the addition of new industrial land Rp. 88,668,044,000, while in 2019 the new industrial land inventory had decreased until remained

Rp. 14,517,200,000.

Fixed assets experienced insignificant fluctuations until 2019, there was a high increase from Rp. 69,795,042,373 to Rp. 98,891,998,580, this was due to an increase in investment properties (Rp. 33,351,517,918). In contrast to intangible assets, the increase continued until 2018 with a nominal value of Rp. 36,638,856,507, then slowly decreased until Rp. 4,745,524,769 in 2020. An increase in warehouse inventory of Rp. 24,010,192,551 in 2018 affected the decrease in 2020, then 2019 the warehouses were sold so that intangible assets were reduced.

Total liabilities increased from 2013 amounting to Rp 12,528,394,191 to 2018 reaching Rp. 151,791,341,263. However, in 2019 there was a reduction in account payables with Rp. 83,624,065,889 because financing sources from medium-term debt securities was not approved. This resulted in total liabilities in 2019 being Rp 100,049,596,849 and decreasing in 2020 by Rp. 58,485,450,204. In contrast to the total equity which has increased gradually every year starting from Rp. 96,064,998,434 to Rp. 218,649,973,305. The largest increase in capital occurred in 2018 with Rp 45,625,697,361, because government supported industrial estates expansion in middle-eastern Indonesia, thus investors are interested to invest in Industrial Estate of Makassar indirectly. Moreover, profit for the year and capital reserves increase.

Table 4. Results of Horizontal Analysis in Balance Sheet in 2013-2020

Account	Rise and Fall Trend							
	2013	2014	2015	2016	2017	2018	2019	2020
Cash	100%	-62%	-14%	62%	58%	-70%	730%	-24%
Account receivable	100%	135%	39%	80%	25%	114%	-12%	-27%
Industrial land inventory	100%	17%	2%	14%	13%	0%	22%	19%
New industrial land inventory	-	-	-	-	-	-	-84%	0%
Total current assets	100%	-12%	9%	44%	32%	107%	-12%	-14%
Investment property	100%	0%	0%	0%	0%	-	-	8%
Land, buildings, machine, equipment and vehicles	100%	14%	11%	1%	20%	15%	9%	12%
Accumulated depreciation of fixed assets	100%	18%	16%	15%	14%	12%	16%	16%
Total fixed assets	100%	10%	7%	-7%	21%	9%	42%	8%
Total intangible assets	100%	99%	-7%	34%	177%	145%	-52%	-73%
Total assets	100%	0%	7%	19%	33%	76%	-5%	-10%
Account payable	100%	4%	63%	100%	13%	1152%	-80%	-37%
Bank loan	-	-	-	-	221%	-30%	58%	-3%
Total current liabilities	100%	30%	-20%	103%	72%	320%	-64%	-28%
Intangible liabilities	100%	-38%	61%	59%	294%	-7%	123%	-53%
Total equity	100%	-1%	9%	10%	12%	36%	20%	5%
Total liabilities and equity	100%	0%	7%	19%	33%	76%	-5%	-10%

Source: financial statement of PT. KIMA (2022)

Results of Horizontal Analysis in Income Statement

Table 5 gives the results of the horizontal analysis of income statement in 2013-2020. The operating income experienced a very sharp increase in 2018 as Rp. 104,387,397,806, it is quite different from the previous operating income as Rp. 46,279,893,275, this is because land sales in the KIMA area were sold considerably much in 2018.

Table 5. Results of Horizontal Analysis in Income Statement in 2013-2020

Account	Rise and Fall Trend							
	2013	2014	2015	2016	2017	2018	2019	2020
Net sales of land	100%	-52%	26%	-53%	-29%	1219%	-28%	-80%
Revenue of warehouse and industrial buildings rental	100%	7%	24%	18%	18%	26%	8%	7%
Service revenue	100%	9%	2%	161%	54%	8%	3%	22%
Total revenue	100%	-33%	16%	34%	36%	126%	-15%	-27%
Operating expense	100%	15%	5%	21%	27%	69%	2%	-28%
Intangible revenue	100%	-21%	-18%	105%	32%	7%	78%	-43%
Net income	100%	-62%	32%	82%	26%	183%	-21%	-57%

Source: financial statement of PT. KIMA (2022)

Meanwhile, in 2019-2020 operating income began to decline because industrial land inventory was run out. In 2018, the addition of ready-to-use land also increased the cost of goods sold and consultant fees for the development of new industrial land. Moreover, expense occurred increase for directors, commissioners and employees' salaries, as well as maintenance costs such as roads, fences, WTP, and offices.

Non-operating income experienced large fluctuations in 2019 of Rp. 5,458,626,327 due to the increase in intangible income. Realization of intangible income represents income from the sale of fixed assets and the cost of transferring investors' land until December 2019 with the total was Rp 12,884,019,276. This is due to the reclassification of the allowance for receivables in 2018 which affects profit. In 2013 profit was Rp 15,092,217,169, then decreased in 2014 to Rp 5,659,957,717, this changed in 2018 that profit reached Rp 48,048,692,818. This increase did not last long, because in 2019 it decreased again until 2020 to reach Rp. 16,356,659,348.

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DICUSSION

Financial Performance Analysis of Industrial Estate of Makassar in 2013-2020

Based on the analysis of financial ratios, it shows the financial performance at the profitability ratio level is quite good with used ratios are ROA, NPM and ROE. The fluctuations in net profit were mostly influenced by sales, especially in 2013-2015 and 2018-2020. The decline in sales occurred due to limited land in Industrial Estate of Makassar, although in 2016-2017 there was an increase in profit because of the increase of service revenues such as warehouse rental, industrial buildings rental, and other services. It was different in 2018 which Industrial Estate of Makassar provided land that was ready for sale, thus increasing sales of industrial land. According

to Kasmir (2010), average standards for ROA, NPM and ROE in industrial scale are 30%; 20% and 40% respectively, while only NPM fulfills, this is because Industrial Estate of Makassar still relies on its core business to increase profits. Other same researches by Istanti (2022), Agusta (2018), and Nie (2014) showed different results as the companies did not achieve the ratio standard for industry, even though those companies in the field study had been in healthy category. Industrial Estate of Makassar has conducted a feasibility study to improve the company's performance, one of which is recurring income, it consists of a service charge (usage of industrial estate roads, waste management and drainage), clean water management, as well as providing lines and installing fiber optic cables.

Measurement of the liquidity ratio using the current ratio, cash ratio and quick ratio with the average value of each are 429.88%; 114.72% and 248.43% respectively. Liquidity ratio of Industrial Estate of Makassar is very good, it is according to Kasmir (2010) that average standards for current ratio, cash ratio and quick ratio in industrial scale are 200%; 50% and 100% respectively. The liquidity ratio shows the company's ability to pay off its obligations in the short term, meaning that Industrial Estate of Makassar in the near future will still be able to operate and be healthy with the existing financial condition. Receivables from Industrial Estate of Makassar greatly affects the company's liquidity, this is because investors prefer purchasing industrial land and other rental services by credit to paying in cash. This is linier to the research by Agusta (2018) which showed that liquidity was above the standard. Whereas, the researches by Istanti (2022) and Nie (2014) presented the companies had good liquidity ratio, yet below standard.

Financial performance is also influenced by the solvency ratio, which in this study using the DAR and DER measurements with the average values are 22.89% and 33.35% respectively. According to Kasmir (2010), the standard DAR and DER values in the industry are less than 35% and 95% respectively, it means the solvency ratio of Industrial Estate of Makassar is very good. The higher the ratio value, the greater the funding with debt, in this case the company is certainly more difficult to pay its debts. The highest value in total debt was in 2018, which is equivalent to the highest increase in total assets in the same year. The reason for the increase is the provision of land ready for sale using medium-term debt securities (MTN). In 2019, MTN was limited and debt repayments were gradually overcome, so that total liabilities began to decrease until 2020. Then seeing on the previous researches by Istanti (2022), it showed that only DAR achieved the standard, meanwhile Agusta dan Hati (2018) showed DAR and DER were achieved. The lowest solvency ratio has been presented by Nie (2014) at Vanke company as real estate agent in China.

The activity ratio aims to determine how efficiently the company utilizes assets and working capital in carrying out daily activities. The average standard for TATO, FATO and WCTO in the industry is 2 times, 2 times and 6 times respectively (Kasmir, 2010). Based on the results of the analysis, the activity ratio of Industrial Estate of Makassar is not good because the company only focuses on land sales and industrial buildings rental which these resources can be limited. The same result was shown by Istanti (2022) dan Nie (2014), the companies did not achieve the standard according to Kasmir (2010), but they still performed tremendous well. Specifically, Companies engaged in the management of industrial estates must be able to sustain recurring income that is more supportive for its performance rather than the core business itself.

In addition to analyzing financial ratios to determine the company's performance, vertical and horizontal analysis were also carried out. From the results of vertical analysis in the balance sheet, it is obtained that the comparison of items in the balance sheet to total assets shows that the largest proportion in the balance sheet is industrial land inventory and total fixed assets for land, vehicles, buildings and equipment. However, in 2018 the largest proportion was in account payables, followed by the addition of new industrial land inventory. Whereas, the results of the vertical analysis in income statement were carried out by comparing the items in the income statement to sales. The largest proportion is owned by income from services and operating expenses, while the sale of land is only for a certain period. The income from these services includes the extension of the lease for the use of industrial land, warehouses, heavy equipment,

service charges, and entry pass services. While the largest operating expenses are in personnel, administrative and general costs, and depreciation. These results indicate Industrial Estate of Makassar can continue to improve the company's performance by utilizing its assets as efficiently as possible, not only on land sales, but also on other services that support activities in industrial estates. It is different with the research by Poddala dkk (2021) that showed the most dominant was total current assets in balance sheet and goods cost sales in income statement over 8 years.

The purpose of horizontal analysis is to determine the tendency of a company's financial condition in the future whether to increase, decrease or stable. As the results of the horizontal analysis in both balance sheet and income statement of Industrial Estate of Makassar concluded that the company must increase revenue from services other than core business. In addition, the limited ready-to-use land is a major factor of fluctuation in the net profit, despite the expansion of the business field in the Maros, at some point the land will still run out because it cannot be renewed, in contrast to other services that are constantly needed by industries located in industrial estates. In contrast to the researches by Lumbantobing dkk (2022) and Poddala dkk (2021) which presented the companies experienced an increase performance due to a rise in net sales.

Interview Related to Financial Performance of Industrial Estate of Makassar

Supporting data in this study are the results of interviews with representatives of PT. KIMA (Persero) and the Department of Transportation of South Sulawesi. In the results of interviews with stakeholder of PT. KIMA (Persero) obtained information that helps to predict the strategy in improving the financial performance of Industrial Estate of Makassar. Industrial land of Industrial Estate of Makassar is temporary land (HPL) with a useful life for 30 years, so that investors can only use the land or buildings for a certain period and then have to extend it again after the term ends. Thus, in certain period Industrial Estate of Makassar earns a drastic increase in revenue from the extension of land use period, but the funds obtained are not effective to cover company's expense during the waiting period for the next extension of the land use period. Previously, income in the core business sustained the cash account for one to two periods while providing new industrial land based on investor demand, however the amount of industrial land is limited and cannot be renewed. Moreover, providing new industrial estates will cost considerably more than just turning existing land becomes ready-to-use land. Therefore, Industrial Estate of Makassar takes a strategy to increase revenue from services. In the terms of revenue, there are businesses that can provide income, which is called recurring income, such as service charges, waste management, fiber optic cable supply and installation, and clean water management.

As the limited amount of industrial land, finally in 2019 Industrial Estate of Makassar was aggressively increasing recurring income. Apparently, the results were able to increase net income significantly. Furthermore, the focus of Industrial Estate of Makassar is more in the most dominant recurring income, such as installation of fiber optic cables, clean water treatment, and service charges (entry pass charge, road use, waste and garbage management, and drainage). The feasibility study conducted on recurring income is the installation of fiber optic cables and drainage, while outside the recurring income itself is the impact of investor interest and industrial development on South Sulawesi due to the existence of Makassar New Port.

The results of the interview were continued to representatives of the Department of Transportation of South Sulawesi regarding the economic impact of Makassar New Port. This new port is directly under the Ministry of Transportation of Indonesia with the aim to overcome overload capacity in Makassar Port. Additionally, Makassar New Port is made as the center of South Sulawesi Port activities. The sea route is considered more effective for the transportation of business goods, although it takes longer than the plane, but the advantages of the sea route are lower costs and more load. In addition, Makassar New Port will become a sea toll that opens transportation and industrial activities in middle-eastern Indonesia.

In correlation to the potential provided by Makassar New Port in the industrial sector, Industrial Estate of Makassar is currently conducting a feasibility study. Obviously, Industrial Estate of Makassar will be interested, because Makassar Port is far from the land toll road and still has to go through city streets which gives more cost. Not only Industrial Estate of Makassar, but also the entire industry in South Sulawesi will be attracted to Makassar New Port. A region is considered to have a good economy if its port is large and operate massively. Therefore, the existence of Makassar New Port will improve the economy, social and tourism aspects in South Sulawesi. Based on the results of interview, it can be concluded that improving the financial performance of Industrial Estate of Makassar is more focused on recurring income. Potential financial performance of Industrial Estate of Makassar will increase further, because the increasing interest of investors as sea transportation facilities from Makassar New Port. In addition, Industrial Estate of Makassar must innovate more, as increasing of industrial estates in the middle-eastern regions of Indonesia.

The results of the interviews above are actually in line with previous research on PT. KIMA (Persero) conducted by Mahmud et al (2021) regarding the business strategy of PT. KIMA (Persero) which shows that companies must carry out business transformation in services that support tenant daily business activities to increase satisfaction, loyalty and further attract investors in the future. Meanwhile, the research conducted by Mansyur et al (2021) showed that PT. KIMA (Persero) is able to grow faster because the company is located in the middle of Indonesia so that it becomes center of industrial estates, besides that it is recommended to start expansion of industrial areas in new locations.

CONCLUSION

The conclusions of this research about financial performance of Industrial Estate of Makassar based on ratio analysis, vertical analysis and horizontal analysis within period of 2013-2020 and the results of interview are:

1. From the results of the financial ratio analysis, it shows that the overall condition of the company is in good condition, although there are fluctuations, especially in the 2017-2019 period due to the expansion of industrial land, an increase in account payables, and an increase in service revenue.
2. From the results of vertical analysis shows the average growth in the proportion of Industrial Estate of Makassar in the balance sheet is 24.75%, which is caused by four accounts, namely industrial land inventory and cash which tend to decrease, account receivables increase, and trade payables fluctuate. Meanwhile, the average growth of account in income statement was 155.53%, which was caused by an increase in operating expenses and service income, and a fluctuate in land sales.
3. From the results of horizontal analysis on the balance sheet, there is an average increase and decrease in each item of 47% due to an increase in the number of assets and debts, while in the income statement is around 60.39% due to a sharp increase in the percentage of operating revenue and operating expenses.
4. The results of trend analysis show that from 2013 to 2020 the company's growth was quite good, although there was a decline in profits in 2019 and 2020 due to industrial land sales was getting less, other incomes continued to increase. Therefore, Industrial Estate of Makassar focuses on recurring income which consists of service charge, fiber optic cable installation and clean water management.
5. From the results of interview, it was found a potential that increases investor interest to invest and do business in Industrial Estate of Makassar as the impact of existence of Makassar New Port. Additionally, the extension of industrial land lease at Industrial Estate of Makassar as land status in KIMA is temporary has resulted in a drastic increase in income for a certain period only.

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