

USE OF BREAK EVENT POINT (BEP) ANALYSIS AT PT INDOFOOD CBP SUKSES MAKMUR Tbk PERIOD 2019-2023

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Abstract

Break Even Point (BEP) analysis is one of the important methods in evaluating a company's financial performance to determine the minimum sales level that must be achieved to avoid losses. This study aims to examine the application of the BEP method in PT. Indofood CBP Sukses Makmur Tbk during the 2019-2023 period, with a focus on determining BEP values, evaluating financial trends, and identifying operational efficiency. The research method uses a descriptive quantitative approach with secondary data analysis obtained from the company's financial statements for the last five years. The results of the study show an upward trend in fixed costs and variable costs, which has an impact on increasing the BEP value from year to year until it peaked in 2022 of IDR 42,150,629 million, before decreasing to IDR 40,118,079 million in 2023. This finding indicates that there are efforts to improve the efficiency of the company's operational costs. The novelty of this study lies in the longitudinal analysis of BEP trends combined with the evaluation of contribution margin efficiency. The resulting output is in the form of strategic recommendations for the company to maintain financial stability through optimal management of fixed and variable costs.

1. INTRODUCTION

Background of the Problem

A company is a place to obtain profits or profits that can be used for survival. The size of the profit is often a benchmark for the success of a company. This statement is supported by the ability of the company's management to see opportunities in the future. Generally, in a company, you must assess the company's performance and predict future business before the arrival of the upcoming accounting period. In predicting financial performance, the company will look at the revenue and expenses generated by the company.

Currently, there are many industrial companies in Indonesia. These companies are trying to improve the effectiveness and efficiency of their work. The goal is to maximize production performance and make it comparable to or even surpass other companies. The profit or loss of a trading company is calculated by subtracting the cost to obtain income from sales proceeds from the relevant period. These costs include the cost of goods sold and operating costs incurred during the relevant period.

Every company makes a plan in its management in order to generate the maximum profit. These profits are one of the measures of success in a company. A profit can be achieved if a company plans for the target number of sales. When the company's internal profits have reached the target, then of course the company's development will be stronger [1].

The presentation of financial statements aims to convey information about the company's financial condition in a certain period to stakeholders. The information in the financial statements is used by the users of the financial statements as a basis for choosing alternatives to the use of limited company resources. It should be noted in the financial statements that the income statement contains the costs incurred by the company [2].

Break Even Point (BEP) analysis is used to study the relationship between sales volume and profit. Break Even Point (BEP) is a situation in which a company in its operations does not gain or lose. Break even point analysis not only provides information about the company's position in break-even or not, but break even point analysis is also very helpful for management in planning and decision-making [3].

This is the background for the author to take the title about *Break Even Point*, because by using this analysis we can find out how to plan profits for the future, so that the company does not experience a decrease in profits, because the relationship between *break even point* and profit planning both talk about the budget or it includes a budget that includes fixed costs, variable costs, and sales volume, all of which lead to profit. *Break even point* analysis can be used as a benchmark to increase profits or even to find out the decrease in profits that do not cause losses to the company.

The object of the selected research is PT. Indofood CBP succeeded Makmur Tbk, which is one of the industrial companies engaged in the food sector. PT Indofood CBP Sukses Makmur Tbk. has a market orientation, where the production carried out by the company is adjusted to market demand. The company always tries to meet consumer needs, both in quantity and product quality. Therefore, the company always develops innovations to meet customer satisfaction, especially consumer tastes.

There are 6 types of products produced from this company are instant noodles, dairy, snacks, food flavorings, nutrition, special foods and beverages. It can be seen that the products that are in high demand and earn high income are instant noodles, while the products that are less in demand among the public are nutrition and special food products. Of course, the company needs to conduct further analysis through break-even analysis of products that have been sold.

Therefore, the author is interested in conducting research on the application of the Break Even Point method in PT. Indofood CBP successfully Makmur Tbk with the title "The Use of Break Even Point (Bep) Analysis at PT. Indofood CBP succeeds in Makmur Tbk for the 2019-2023 period".

Problem Formulation

Based on the background of the problem that has been presented above, the formulation of the research problem is:

1. How to apply the break even point (BEP) method at PT. Indofood CBP Sukses Makmur Tbk during the 2019-2023 period?
2. What is the break-even point value experienced by PT. Indofood CBP Sukses Makmur Tbk in that period?

Research objectives

1. To analyze the application of the break even point method in PT. Indofood CBP Sukses Makmur Tbk for the 2019-2023 period.
2. To determine the value of the break even point achieved by PT. Indofood CBP Sukses Makmur Tbk for the 2019-2023 period.

2. LITERATURE REVIEW

Financial Management

Financial management can be defined as the overall activities related to the effort to plan, find and allocate funds to maximize the efficiency of the Company's operations [4].

Financial management is a process in the company's financial activities related to efforts to obtain company funds and minimize company costs as well as efforts to manage the finances of a business entity or organization in order to achieve financial goals that have been set [5].

Mihajlović (2020) said that financial management is a field of knowledge that is quite fun, but also challenging because those who are happy in the field of financial management will get wider opportunities to get jobs such as corporate finance managers, banking, real estate, insurance companies, and even other government sectors, so that their careers will grow [6].

Financial Report

When carrying out business activities, usually an organization or company needs to prepare financial statements to present data and information for its users. To be able to understand the meaning of financial statements, here are some opinions from experts:

According to Hasanaj & Kuqi (2019), financial statements are a document that describes the company's financial condition and company performance in a certain period [7]. According to Setyowati et al., (2022) financial statements are the final result of the accounting process which includes two main reports, namely the balance sheet and the income statement. These reports are not only important for internal management, but also provide crucial information for investors, creditors, and other stakeholders in economic decision-making [8].

Financial statements also serve as a transparent communication tool, allowing all relevant parties to assess the company's financial health and future growth potential [9]. Accurate and timely financial reports are essential in creating trust between the company and stakeholders, as well as aiding in strategic planning and risk management. Additionally, good financial statements can provide insight into a company's operational performance and aid in identifying areas that need further improvements or investments [10].

According to the Indonesian Institute of Accountants (2012), financial statements consist of the following types of financial statements.

- The balance sheet, the company is presented in such a way that it draws attention to the various parts of the financial position that are important for fair presentation. The minimum balance sheet consists of financial assets, tangible and intangible assets, financial assets, necessary investments with equity, inventory, accounts receivable and other liabilities, estimated liabilities, long-term interest liabilities, minority interests, share capital, and other equity items.
- The company's income statement, presented in such a way that it draws attention to the various aspects of performance finance that are important for fair presentation. The income statement should at a minimum include the following: revenue, corporate profit and loss, loan expenses, share of philanthropic gains or losses and associated companies required to use the equity method, tax expenses, gains or losses from ordinary business activities, extraordinary goods, minority rights, net income, and the current period.

- The Change in Equity report shows whether net assets or net worth have increased or decreased during that time period. This report is made based on the measurement principles used.
- A cash flow statement shows cash inflows and outflows, or cash equivalents, over a period of time. Cash flow is categorized based on operations, investments, and financing activities.
- Financial statement notes include additional information such as commitments, as well as explanations or details of amounts shown in the income statement, cash flows, and changes in equity.

Financial Statement Analysis

According to Kasmir (2019), the analysis of financial statements that: In order for financial statements to be more meaningful so that they can be understood and understood by various parties, it is necessary to conduct an analysis of financial statements. In order for financial statements to be more meaningful so that they can be understood and understood by various parties, it is necessary to conduct an analysis of financial statements. The results of the analysis of financial statements will also provide information about the weaknesses and strengths of the company.

Financial statement analysis can be done by identifying and measuring between the headings in a financial statement. Then, analysis of financial statements can also be done by analyzing the financial statements owned for a period [11]. In addition, financial statement analysis can also be done over a certain period, such as 5 years. Analysis of financial statements during a certain period is to analyze the headings in a financial report. This is done to make it easier to assess management performance and progress from period to period [12].

Financial statement analysis has several purposes for various parties. In general, it is said that the purpose of financial statement analysis is as follows [13]:

- To know the company's financial position during a certain period, both in terms of assets, capital liabilities and business results that have been achieved during that period;
- Know the company's shortcomings
- Knowing the strength of the company's strength.
- To find out what are the improvement steps that need to be taken in the future related to the company's current financial position.
- To assess future management performance to determine whether it needs to be refreshed because it has been considered successful or failed.
- It can also be used as a comparison with other companies about the results they achieve.

Break Even Point Analysis

According to Samryn (2012), break-even analysis or also known as break even analysis is the degree of activity in a company that shows no profit or loss. On a chart, the break-even point can be known through the intersection of the revenue line and the total cost line. Its existence is shown by looking at the position that total revenue is equal to total costs or as a point where the total contribution margin is equal to the total fixed costs.

The break-even point is the point at which business managers can figure out how many sales they have to make to avoid losses and expect them to be able to take appropriate action for the future. In addition, break-even also tells company managers what the minimum sales volume target they should achieve [3]. Two types of costs exist in BEP analysis, the first is called fixed costs, which are costs that in total cannot change in terms of increasing or decreasing activity. The second is called variable cost, which is a cost that in total increases proportionally to the increase in activity and decreases proportionally to the decrease in activity [14].

Assumptions of Break Even Point Analysis are future uncertainties, non-linear cost behavior patterns, and ever-changing business world conditions make assumptions limit the use of break even point analysis techniques. To ensure that the assumptions are realistic under real operating conditions, the limitations of the break even point analysis should be thoroughly evaluated [15]. These assumptions can be seen from the following things:

- The selling price per unit does not change regardless of sales volume.
- The company produces in relatively constant quantities.

- Costs can be divided into fixed costs and variable costs. Fixed costs do not change within a given capacity range, whereas variable costs change according to changes in the volume of business activities.
- The amount of change in the initial and final inventory is not significant.
- If a business sells more than one type of goods, the composition of the goods sold is considered unchanged.

According to Halim and Supomo (2005) There are 2 types of Break Even Point (BEP) calculation methods, namely BEP rupiah and BEP unit with the following formula

$$BEP \text{ (Rupiah)} = \frac{\text{biaya tetap}}{1 - \left[\frac{\text{biaya variabel}}{\text{penjualan}} \right]}$$

$$BEP \text{ (unit)} = \frac{\text{total biaya tetap}}{\text{harga jual} - \text{biaya variabel per unit}}$$

At the break-even point, the operating profit is equal to zero, so that it will result in the number of products (in units or units of money sold) sold reaching the break-even point plus fixed costs.

3. RESEARCH METHODS

Type of research

This study uses a descriptive quantitative approach to analyze secondary data sourced from the financial statements of PT. Indofood CBP Sukses Makmur Tbk during the 2019-2023 period.

Types, Sources and Methods of Data Collection

Data types

The type of data used in this study is quantitative data, quantitative data is data that prioritizes the existence of variables presented in the form of numbers.

- Sales data at PT. Indofood CBP Sukses Makmur Tbk. Year 2019-2023
- Data on Costs incurred at PT. Indofood CBP Sukses Makmur Tbk. Year 2019-2023
- Income statement on PT. Indofood CBP Sukses Makmur Tbk. in 2019-2023

Data Source

The data source used in this study is secondary data. Secondary data is the data of the company's annual financial statements which includes information about fixed costs, variable costs, sales, and profit of PT. Indofood CBP Sukses Makmur Tbk.

Data Collection Methods

The information collected is in the form of financial statements of PT. Indofood CBP Sukses Makmur Tbk. taken from the website <https://www.idx.co.id>.

Research Steps

- Collecting financial statements of PT. Indofood CBP Sukses Makmur Tbk from 2019-2023
- Identify the fixed cost, variable cost, and sales revenue components of the financial statements.
- Calculate the *Break Even Point* (BEP) value for each year using the formula:

$$\text{Break Even Point (BEP)} = \frac{\text{Fixed Costs}}{1 - \frac{\text{Variable Costs}}{\text{Sales Revenue}}}$$

- Compare BEP values between years to identify trends and changes that occur.
- Analyze contribution margins to evaluate the company's operational efficiency.

Data Analysis Techniques

The data is analyzed descriptively by displaying BEP trends, fixed costs, variable costs, and contribution margins in the form of tables and graphs. The analysis is carried out to assess the efficiency of operational costs and the company's financial strategy.

4. RESULTS AND DISCUSSION

Based on the financial statement data of PT. Indofood CBP Sukses Makmur Tbk for the 2019-2023 period, conducted an analysis of fixed costs, variable costs, and sales.

Sales Development and Net Profit

Table 1
Details of fixed costs, variable costs, and the amount of sales proceeds at PT. Indofood CBP Sukses Makmur Tbk. for the period 2019-2023 (in millions of rupiah)

Information	2019 (Rp)	2020 (IDR)	2021 (IDR)	2022 (IDR)	2023 (IDR)
Sales	42.296.703	46.641.048	56.803.733	64.797.516	67.909.901
variable cost	27.892.690	29.416.673	36.526.493	43.005.225	42.783.641
Contribution margin	14.404.013	17.224.375	20.277.240	21.792.291	25.126.260
Fixed fees	11.342.412	13.351.296	14.175.833	14.175.833	14.843.451
Net Profit	5.360.029	7.418.574	7.900.282	5.722.194	8.465.123

Source : Financial Statement of PT Indofood CBP Sukses Makmur Tbk for the period 2019-2023

Based on Table 1. Sales of PT. Indofood CBP Sukses Makmur Tbk has increased every year during the 2019-2023 period. The highest sales were recorded in 2023 of IDR 67,909,901 million. The company's net profit showed a consistent increase, except in 2022 which decreased to IDR 5,722,194 million compared to the previous year.

Contribution Margin

PT Indofood CBP Sukses Makmur Tbk's contribution margin increases significantly every year, as shown in table 1. In 2019, the contribution margin was recorded at IDR 14,404,013 million, while in 2023 it increased to IDR 25,126,260 million. This shows that PT Indofood CBP Sukses Makmur Tbk has the ability to reduce its operational costs while generating profits for the company. The value of this contribution margin will definitely correlate with the increase and decrease in costs incurred by PT Indofood CBP Sukses Makmur Tbk.

Analisis Break Even Point

Implementation of break even points at PT Indofood Sukses Makmur Tbk:

Table 2.
Results of Break Even Point (BEP) Analysis of PT. Indofood CBP Sukses Makmur Tbk for the period 2019-2023 (in millions of rupiah)

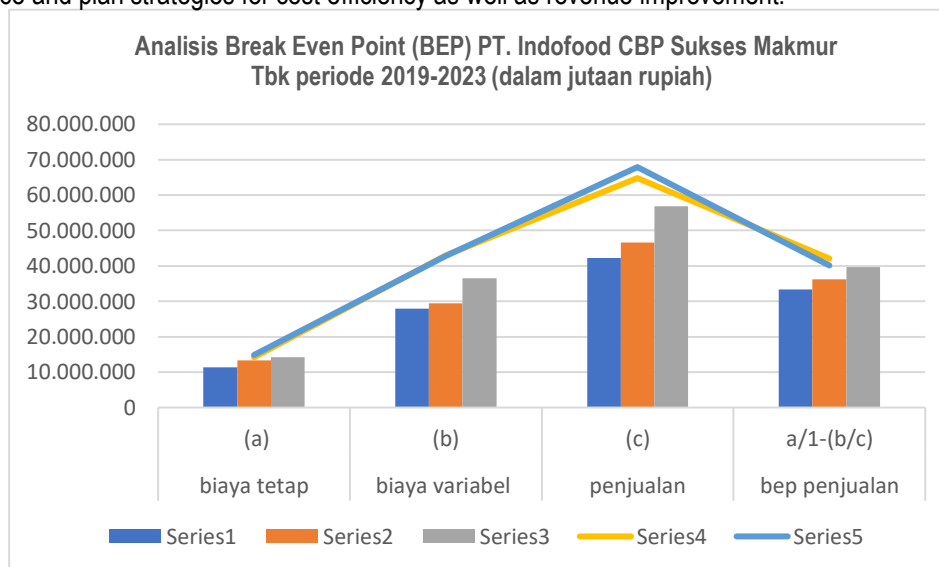
year	Fixed fees (a)	variable cost (b)	Sales (c)	Sales BEP $a/1-(b/c)$
2019	11.342.412	27.892.690	42.296.703	33.306.456
2020	13.351.296	29.416.673	46.641.048	36.153.326
2021	14.175.833	36.526.493	56.803.733	39.711.530
2022	14.175.833	43.005.225	64.797.516	42.150.629
2023	14.843.451	42.783.641	67.909.901	40.118.079

Source : Financial Statement Processing of PT Indofood CBP Sukses Makmur Tbk for the 2019-2023 period

Table 2 shows the Break Even Point (BEP) analysis of PT. Indofood CBP Sukses Makmur Tbk during the 2019-2023 period. In 2019, BEP was recorded at IDR 33,306,456 million, which means that the company will not suffer losses if the minimum revenue is equal to that value. In 2020, BEP increased to IDR 36,153,326 million, indicating a higher revenue need to break even.

In 2021, the BEP increased to IDR 39,711,530 million, while in 2022, the BEP value reached IDR 42,150,629 million. This shows an increasing trend in revenue needs to maintain operational stability, likely due to an increase in fixed or variable costs. However, in 2023, the BEP value decreased to IDR 40,118,079 million, which could indicate cost efficiency or more optimal management by the company. By maintaining annual revenue above the BEP value, PT. Indofood CBP Sukses Makmur Tbk was able to maintain stable financial performance and avoid operational losses during the research period.

The following graph illustrates the trend of *Break Even Point* (BEP) of PT. Indofood CBP Sukses Makmur Tbk during the 2019-2023 period. BEP is a critical point that indicates the minimum amount of revenue that a company must achieve to avoid losses. These graphs help visualize changes in BEP values from year to year, providing an overview of the revenue needs that must be achieved as well as the company's fixed costs and variable change patterns. By understanding these charts, management can evaluate the company's operational performance and plan strategies for cost efficiency as well as revenue improvement.



Graph 1. Results of Break Even Point (BEP) Analysis of PT. Indofood CBP Sukses Makmur Tbk for the period 2019-2023 (in millions of rupiah)

This graph provides insight into the relationship between costs, sales, and BEP value. The positive performance can be seen in the company's ability to keep sales revenue above the BEP value each year, which means the company managed to avoid losses during the period. The break-even point value shows the minimum sales figure that must be achieved so that the company does not suffer losses.

5. CONCLUSION

1. PT. Indofood CBP Sukses Makmur Tbk has successfully applied the Break Even Point method as an analysis tool to determine the minimum sales level that must be achieved to avoid losses.
2. The achievement of the Break Even Point value during the 2019-2023 period shows the company's ability to maintain its operational stability despite variations in fixed and variable costs.
3. An increase in contribution margin indicates optimal cost efficiency as well as the potential for future profit growth of the company.

6. SUGGESTION

1. PT. Indofood CBP Sukses Makmur Tbk is advised to continue to monitor the efficiency of variable costs to ensure that the contribution margin continues to increase.
2. Companies can consider product diversification to expand the market, especially in low-income segments such as nutrition and specialty foods.
3. Break Even Point analysis should be carried out periodically to support strategic decision-making, especially in the face of potential market fluctuations.

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