
Analysis Of The Effect Of Leverage On Company Value (Study PT case . Gajah Tunggal Tbk 2019-2022)

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Abstract

Company PT. Gajah Tunggal Tbk is the largest tire in Asia especially in Asia southeast . Founded in 1971 and in 1990 officially has offices at the Jakarta Stock Exchange and the Surabaya Stock Exchange . This company located in Jakarta and has factory in town attack and tangerang For support activity the production . objective study This This is For analyze the effect of leverage on mark company PT. Gajah Tunggal Tbk 2020-2022 . Method writing this paper using Grand Theory where to be base the theory are Leverage and Company Value. Grand Theory is something that becomes base birth theory Where theory the Still nature macro or wide Then formulated at the next level . In this paper using quantitative data Where data sources used is secondary data that comes from from report PT finance . Gajah Tunggal Tbk . 2019-2022 . Based on Measurable Leverage serving with Debt to Assets Ratios and Company Value are measured with using the Price to Book Value (PBV) of The years 2019 - 2022 show that PT. Gajah Tunggal Tbk has Debt to Assets The ratio (DAR) is in the **GOOD CATEGORY** based on category Cashmere (2016) in Fitria (2022). However Debt to Asset value The ratio (DAR) is still ≥ 0.5 according to moneyduck.com.id (2022) including . This matter show that part big asset company financed by debt . Whereas mark company PT. Gajah Tunggal Tbk is calculated through Price to Book Value (PBV) is in the undervalued category .

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INTRODUCTION

Consequence development economy in the era of globalization become pusher for Indonesia as a developing country For Keep going increase growth its economy . Where is Indonesia? want to become sector industry especially manufacture as source growth its economy to front . Reason mainly is Because sector industry manufacture is most sectors invite investors to invest in Indonesia so to front can become sector mainstay To use increase acceleration growth economy Indonesian national.

Manufacturing company is moving company For produce something product with process material standard become product possible ending for sale For increase

company profits . So with there are investors who invest in Indonesia in the sector industry manufacture can give benefit double Because can turn on excitement company producer material standard like rubber for example when industry That produce product in the form of tires.

Company PT. Gajah Tunggal Tbk is the largest tire in Asia especially in Asia southeast . Founded in 1971 and in 1990 officially has offices at the Jakarta Stock Exchange and the Surabaya Stock Exchange . This company located in Jakarta and has factory in town attack and tangerang For support activity the production . This company produce and distribute product in the form of tires that have quality tall For vehicle wheel four passenger vehicles , SUVs and vehicles wheel two . This company also produces as well as distribute product form rubber synthesis , inner tubes , o-rings and so on .

Shares are fundamental instruments of the capital market because can produce profit compared other capital market instruments . High profits usually accompanied with high risk because. That when an investor wants invest in something company so need do review to the company will invested .

Moment want to invest so company must analyze circumstances company and situation moderate macro happen to date invest in a finished company objective the investor 's investment No experience loss . Related about How circumstances company then investors need know performance company so investors can ensure whether the capital will be implanted can provide appropriate returns with investors' hopes . Besides a number of factors that become investor considerations in the form of condition economy macro in place or company country manufacture the is at . Analysis situation industry and economy company in a way macro can seen from report finance companies presented on the Indonesian

Stock Exchange .

Analysis circumstances company in a way comprehensive before investors do investment is very important For predict or predict How many the profits will be obtained from something investment . Leverage ratio according to Putra, 2016 in Utami , 2019 is ratio that gives description about ability company For fulfil obligation period length or as tool measuring something company That financed by debt. When company that owns level ratio the leverage tall so will avoided by investors because its height risks faced by the company the . This matter will give impact to down request share company the consequence from high risk .High leverage influence request to share company that's what went down so that price shares too down . And this caused to mark company or company returns that will too down .

The value of the company according to Husnan (2014) in Suwardika and Mustanda (2017) the price will be paid buyer when company it's for sale . In the stock market understanding mark company is investors' perceptions of company That Alone Where perception concerning performance related companies with price share .

Based on description on so writer planned make study This article is entitled " **ANALYSIS OF THE EFFECT OF LEVERAGE ON COMPANY VALUE (Study PT case . Gajah Tunggal Tbk 2020-2022)** ". As for who became problem here is how much big the effect of leverage on mark company at PT. Gajah Tunggal Tbk 2020-2022 . Whereas objective study This This is For analyze the effect of leverage on mark company PT. Gajah Tunggal Tbk 2020-2022 .

Draft Discussion

Leverage

Leverage is ratio that takes into account debt owned by the company . There are some Definition of leverage according to experts :

1. Cashmere (2014)

Leverage is comparison solvency is required ratio For measure until Where activity company financed by debt .

2. Irham Fahmi (2015)

The leverage ratio is tool measuring How many big company financed by debt . Too much debt tall can endanger company Because company will enter in extreme leverage ie trapped company in use high debt _ so that difficult release burden debt the Based on understanding mentioned above _ so can writer conclude the leverage ratio is comparison finance For know ability entity in fulfil his obligations period long like interest , fees principal interest, and the obligations that accompany it. Debt period long its definition is obligation mandatory company paid consequence use more loans from One year .

Benefits of leverage

Benefits of leverage according to Cashmere (2015) is :

- 1) For know circumstances company from side mandatory obligations fulfilled to other parties (Creditors);
- 2) For know ability company For pay off fixed obligations like installments loans;
- 3) For know balance mark assets still to capital;
- 4) For know big assets financed by debt ;
- 5) For know big influence debt used For management assets ;
- 6) For know how much big part from each rupiah of company capital used For management assets ;
- 7) For know how much big loan funds will be quick billed .

Leverage Measurement

This paper use formula For count the amount of leverage with using DAR (Debt to Asset Ratio):

Debt to assets ratio is capable size identify how much big asset acquired company from debt and how or how much big composition debt on company assets . A number of expert opinion that dept to assets ratio is illustrative leverage ratio how much percent big asset acquired company from creditor . The leverage ratio is very important For see solvency company in finish obligation or debt period long .

For know How many big Debt to Asset value Good ratio is with considerations (moneyduck.com.id, 2022):

- 1) When DAR value is less of 0.5 then assets owned company the part big originate from equity company ;
- 2) When more DAR value big of 0.5 then part asset company originate from the financing originate from debt .

So more and more small Debt to Asset value Ratio so the more Good performance company the when the more big Debt To value Asset Ratio so the more tall the risk will be faced by the company the . According to Cashmere (2016) in Fitria (2022) standard Debt to Assets Good ratio (DAR). presented in table 1 below This .

Table 1. Standards Industry Debt to Asset Ratio (DAR)

No.	Standard Industry	Criteria
1	$\geq 90\%$	Bad
2	71% - 89%	Not good
3	51%-70%	Good
4	36% - 50%	Enough Good
5	$\leq 35\%$	Very good

The value of the company

The value of the company relate tightly with performance company For obtain profit to wealth holder share can increase . The company has objective main is give maximum profits for prosperity holder shares (Investors). The size is value (value). So corporate That own objective main How company can maximize value. The more high value then holder share the more prosperous .

For measure mark company can done through Price to Book Value (PBV). Price to book value illustrates about market appreciation of mark book from something share company. The high PBV shows level market confidence in company. Price to book value is also important in determining internal strategy choose investment in the capital market.

Price to Book Value (PBV) is used For see is price share are in the category price cheap (undervalued) or expensive (overvalued). So the PBV ratio is description about ability issuer in produce mark of the capital invested by the company . Where :

PBV < 1 means share the cheap (undervalued);

PBV > 1 means share is expensive (overvalued);

Share Volume

Share volume or trading volume share is whole transaction buying and selling shares purchased by inside investors certain currency . Share volume is also a factor amount sheet shares sold buy (trade) on the day certain (Halim and Hidayat , 2010 in Nasution , 2010). Means a large volume of shares show share the popular with investors which means it is also influential to the sales . Where increasingly active sale share shows increasing stock volume increasing and increasing low cost ownership the shares .

Book value

Book value from A share interpreted as Rupiah value of each sheet share in company capital . Book value is number which will paid to holders share . Book value is comparison between total equity to amount outstanding shares .

METHODOLOGY

Method writing this paper using Grand Theory where to be base the theory are Leverage and Company Value. Grand Theory is something that becomes base birth theory Where theory the Still nature macro or wide Then formulated at the next level .

In this paper using quantitative data Where data sources used is secondary data that comes from from report PT finance . Gajah Tunggal Tbk . 2019-2022 obtained from <https://www.idx.co.id/> and <https://id.investing.com/equities/gajah-tunggal-historical-data> where the data comes from from both websites _ especially www.idx.co.id is the original website from which it originates from the Indonesian Stock Exchange and some sourced data from www.id.investing.com which is required references _ For obtain data in the form of price per sheet share . So from both websites _ will data obtained in the form of :

1. Total Liabilities of PT. Gajah Tunggal Tbk . from 2019-2022 ;
2. Total Assets PT. Gajah Tunggal Tbk . from 2019-2022 ;
3. PT Share Price. Gajah Tunggal Tbk . from 2019-2022 ;
4. Total Equity PT. Gajah Tunggal Tbk . from 2019-2022 ;
5. PT . Gajah Tunggal Tbk . from 2019-2022 ;

DISCUSSION

PT Leverage Calculation . Gajah Tunggal Tbk . Based on results report PT finance . Gajah Tunggal Tbk . in 2020-2022 , the total debt of PT. Gajah Tunggal Tbk and total assets obtained presented in the table below This :

Table 2. Data on Total Liabilities , Assets , Share Price, Equity and Share Volume of PT. Gajah Tunggal Tbk 2019-2022

VARIABLES	YEAR			
	2019	2020	2021	2022
LIABILITIES	12,620,444	10,926,513	11,481,186	11,790,337
ASSET	18,856,075	17,781,660	18,449,075	19,016,012
STOCK PRICE	585	655	665	560
EQUITY	6,235,631,000	6,855,147,000	6,967,889,000	7,225,675,000
STOCK VOLUME	3,680,000	29,040,000	1,900,000	290,400

So the DAR (Debt to Asset Ratio) and Price to Book Value (PBV) values can be obtained seen in the table below This .

Table 3. DAR Calculation Results (Debt To Asset Ratio), Book Value and Price Book Value (PBV) PT. Gajah Tunggal Tbk 2019-2022

VARIABLES	YEAR				Average
	2019	2020	2021	2022	
DAR (Debt to Asset Ratio)	0.67	0.61	0.62	0.62	0.63
BOOK VALUE	1.69	0.24	3.67	0.02	7,620
Price to Book Value (PBV)	0.35	2.77	0.18	0.02	0.83

Leverage

Leverage in this paper calculated with using DAR (Debt to Assets Ratio). Based on Table 3 above show that DAR value (Debt To Asset Ratio) PT. Gajah Tunggal Tbk . from 2019-2022 is at 61 % - 67% with an average of annually 63%. Based on table 1 based on standard DAR industry (Debt To Asset Ratio) according to Kashmir, 2016 then PT. Gajah Tunggal Tbk is in the **good category** . Good DAR value that was in 2019 that is by 67% and then decreased in 2020 and is trending stable in 2021-2022 . This matter caused because in 2020 PT. Gajah Tunggal Tbk increase term debt in short.

The value of the company

The value of the company in this paper calculated with using Price to Book Value (PBV). Based on Table 3 above show that Price to Book Value PT. Gajah Tunggal Tbk from 2019-2022 is in the range number less (<)1 which means including in **undervalued category** . Indeed, in 2020 the PBV value will be > 1 . This matter caused because it will happen in 2022 enhancement big profits .

CONCLUSIONS

Based on Measurable Leverage serving with Debt to Assets Ratios and Company Value are measured with using the Price to Book Value (PBV) of The years 2019 – 2022 show that PT. Gajah Tunggal Tbk has Debt to Assets The ratio (DAR) is in the **Good Category** based on category Cashmere (2016) in Fitria (2022). However Debt to Asset value The ratio (DAR) is still ≥ 0.5 according to moneyduck.com.id (2022) including. This matter show that part big asset company financed by debt . Debt to Asset Value High ratio (DAR). means :

1. Assets owned by PT. Gajah Tunggal Tbk part big financed by debt;
2. Risk company in finish debt period long the more big;
3. Interest expense debt is also borne by the company the more tall.

Whereas mark company PT. Gajah Tunggal Tbk is calculated through Price to Book Value (PBV) is in the **Undervalued Category** .

Based on the results of this paper show that leverage has an effect to mark company However its impact and influence is positive . This matter in line with a number of research in various the journal says that leverage has an effect in a way positive to mark company like Nadhila (2022) who researched it about influence profitability and leverage against mark company Where results his research show that leverage has an effect in a way positive to mark company .

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