

ABSTRACT

The problem with this research is that financial performance assessments often rely on traditional ratios that do not take into account the cost of capital so that they do not reflect economic value creation. This study aims to analyze the financial performance of PT Argamas Jaya Lab in five periods using the Economic Value Added (EVA) method, in order to find out the extent to which the company is able to create economic added value for shareholders. The approach used is descriptive quantitative with data collection through limited documentation and interviews to ensure the validity of secondary data. The results of the study show that the company's EVA performance fluctuates influenced by NOPAT, invested capital, WACC, and capital charge. In 2021, EVA was recorded as negative due to a decrease in NOPAT due to declining profits and increased operating expenses, while 2019, 2020, 2022, and 2023 showed positive EVA, indicating that profits exceeded investor expectations. The EVA method has proven to be more accurate than traditional ratios in assessing value creation, although it still has limitations related to external factors and long-term data. This research contributes to the development of financial management by encouraging the application of the concept of value creation, and can be the basis for policies to improve funding efficiency, transparency, and corporate accountability.

Keywords: Financial Performance, Financial Statements, Economic Value Added, Net Operating After Tax, Invested Capital