

Vertical Analysis of Financial Statements in Evaluating the Financial Performance of PT Medco Energi Internasional Tbk

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ABSTRACT

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This study aims to analyze the financial performance of PT Medco Energi Internasional Tbk for the period 2021–2025 using vertical analysis of the balance sheet and income statement. The method applied is descriptive quantitative, utilizing secondary data from the company's financial statements. The results show that the company's asset structure is dominated by non-current assets, which tend to increase, while current assets decline, indicating potential liquidity risks. On the funding side, the company demonstrates a high dependence on long-term liabilities, particularly bank loans, although this is balanced by strengthened equity through retained earnings. Meanwhile, the income statement analysis reveals fluctuating profits with a downward trend after 2022, reflected in declining gross and net profit margins, despite relatively controlled operating expenses. Overall, the company's financial performance is considered stable in terms of capital structure, but faces challenges in liquidity and profitability, requiring optimization of financial management.

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Introduction

Community-based renewable energy shows significant potential in driving national economic growth. Research by Adhinegara et al. (2024) estimates that within 25 years, this sector could contribute IDR 10,529 trillion to GDP, with a total economic output impact of IDR 18,636 trillion. Profits generated, particularly in manufacturing and MSMEs, reached IDR 9,750 trillion over the past 25 years. Additionally, renewable energy development has reduced poverty in Indonesia by more than 16 million people. This demonstrates that renewable energy not only supports environmental sustainability but also plays a crucial role in improving economic activity and social welfare.

Given this contribution, energy companies are required to maintain strong financial performance to support sustainable development. According to Irwanti (2024), financial management is essential for evaluating company performance and ensuring financial health. Financial statements serve as vital records reflecting both financial health and operational

performance. To gain deeper insights, companies may apply financial analysis methods tailored to specific objectives. Gunadi et al. (2025) emphasize that income statements, balance sheets, and cash flow statements provide a comprehensive overview of financial positions.

Vertical analysis was chosen in this study because it presents each component of financial statements as a percentage, making the company's financial structure clearer and more systematic. Herispon (2024) defines vertical analysis as comparing each item in financial statements against a base figure within the same period. Astuti et al. (2021) further note that vertical analysis allows comparisons across companies, offering a more comprehensive view of financial performance.

PT Medco Energi Internasional Tbk was selected as the research object due to its role as a leading energy company in Indonesia, with complex operations and dynamic financial statements. As a capital-intensive industry with high risks and fluctuations, vertical analysis is highly relevant to assess its asset composition, liabilities, and operational performance.

Method

This research uses a descriptive quantitative approach to systematically analyze financial structure and performance. Data were collected from secondary sources, namely annual financial statements published on the company's official website and the Indonesia Stock Exchange. Documentation studies were conducted to gather relevant reports for the 2021–2025 period. Vertical analysis was applied by calculating the percentage of each item against totals (e.g., total assets in the balance sheet, total revenue in the income statement). The results were then interpreted to evaluate financial proportions, structure, and overall performance.

Results and Discussion

Balance Sheet Analysis

The vertical analysis of PT Medco Energi Internasional Tbk's balance sheet (2021–2025) shows that non-current assets dominate, increasing from 70% in 2021 to 81% in 2025. Current assets declined from 30% in 2021 to 19% in 2025, indicating reduced liquidity. Non-current assets are largely composed of oil and gas assets (30–39%) and investments in shares (19–23%), reflecting long-term expansion strategies.

Table 1. Vertical Analysis of Balance Sheet
PT Medco Energi Internasional Tbk, Period 2021–2025
(Presented in US Dollars)

Description	2021	2022	2023	2024	2025
ASSETS					
Current Assets					
Cash and cash equivalents	8	9	5	8	7
Short-term investments	1	0	0	0	–
Restricted deposits and bank accounts	8	2	1	1	1
Trade receivables – Related parties	0	0	0	0	0
Trade receivables – Third parties	4	5	5	5	5
Other receivables – Related parties	0	1	1	1	2
Other receivables – Third parties	4	3	2	2	1
Finance lease receivables (due within 1 year)	1	1	1	0	0
Concession financial assets (due within 1 year)	1	0	0	0	0
Inventories	2	2	2	2	2
Prepaid taxes	0	0	0	0	0
Estimated tax refunds	–	–	–	0	0
Investment in shares	–	–	–	1	–
Prepaid expenses	0	0	0	0	0

Description	2021	2022	2023	2024	2025
Derivative assets	0	0	0	0	0
Assets held for sale	0	0	3	1	0
Other current assets	1	1	2	2	1
Total Current Assets	30	23	21	23	19
Non-Current Assets					
Other receivables – Third parties	1	1	0	0	0
Finance lease receivables (after 1 year)	3	2	2	2	2
Concession financial assets (after 1 year)	5	4	6	7	7
Deferred tax assets	1	1	2	2	1
Investment in shares	19	20	22	23	22
Fixed assets	1	1	1	1	2
Right-of-use assets	3	2	3	3	2
Exploration and evaluation assets	5	4	3	3	4
Oil and gas assets	30	37	39	34	36
Goodwill	1	1	1	0	2
Other non-current assets	1	1	1	2	2
Total Non-Current Assets	70	75	79	77	81
Total Assets	100	100	100	100	100
LIABILITIES AND EQUITY					
Current Liabilities					
Short-term bank loans	–	1	3	1	0
Trade payables – Related parties	1	0	1	1	1
Trade payables – Third parties	4	4	5	5	4
Other payables – Related parties	0	0	0	0	1
Other payables – Third parties	1	2	2	2	2
Taxes payable	2	4	2	1	2
Accrued expenses and other provisions	4	4	4	5	4
Liabilities directly related to assets held for sale	0	1	1	0	0
Current portion of long-term bank loans	4	6	3	3	3
Rupiah bonds	3	2	2	4	1
US Dollar bonds	–	–	–	–	2
Lease liabilities	2	2	2	2	2
Contract liabilities	1	1	2	1	2
Total Current Liabilities	23	27	26	27	23
Non-Current Liabilities					
Long-term bank loans	5	11	13	18	23
Non-bank financial institution loans	0	0	0	0	2
Rupiah bonds	7	8	8	6	10
US Dollar bonds	48	33	32	26	20
Lease liabilities	0	2	2	3	3
Contract liabilities	3	2	0	1	1
Other payables	1	1	2	2	1
Deferred tax liabilities	9	14	13	12	13
Long-term employee benefits liabilities	1	1	1	1	1
Derivative liabilities	0	0	0	1	1
Asset retirement obligations and other provisions	3	2	3	2	3
Total Non-Current Liabilities	77	73	74	73	77
Total Liabilities	100	100	100	100	100
Equity					
Issued and fully paid capital	10	7	6	5	5
Treasury shares	0	0	0	0	0

Description	2021	2022	2023	2024	2025
Additional paid-in capital	40	28	24	21	20
Retained earnings – Appropriated	1	0	1	0	0
Retained earnings – Unappropriated	41	56	61	65	66
Equity attributable to owners of the parent	87	89	90	90	91
Non-controlling interests	13	11	10	10	9
Total Equity	100	100	100	100	100

Source: Processed data using Excel, 2026

On the liabilities side, long-term obligations remain high, ranging from 73–77%. Bank loans rose sharply from 5% in 2021 to 23% in 2025, showing growing reliance on external financing. Equity strengthened through retained earnings, rising from 41% to 66%, with total equity attributable to shareholders reaching 91% in 2025.

Overall, the company's capital structure is strong, supported by equity growth, but declining current assets and rising long-term debt pose liquidity and solvency risks.

Income Statement Analysis

Vertical analysis of the income statement reveals fluctuating profitability. Gross profit fell from 54% in 2022 to 39% in 2024–2025, indicating pressure from rising costs. Operating expenses remained stable (9–13%), showing efficiency. However, profit before tax dropped from 45% in 2022 to 17% in 2025. Net income attributable to shareholders peaked at 23% in 2022 but fell to 4–5% in 2025, reflecting weakened profitability.

Table 2. Vertical Analysis of Income Statement
PT Medco Energi Internasional Tbk, Period 2021–2025
(Presented in US Dollars)

Description	2021	2022	2023	2024	2025
Revenue	100	100	100	100	100
Gross Profit	0	54	46	39	39
Selling, General and Administrative Expenses	13	10	11	9	10
Profit Before Income Tax from Continuing Operations	22	45	32	28	17
Income Tax Expense	18	22	15	12	12
Net Income Attributable to Owners of the Parent	4	23	15	15	5
Net Income Attributable to Non-Controlling Interests	1	1	1	1	1
Net Income for the Year	5	24	15	16	5
Comprehensive Income Attributable to Owners of the Parent	6	23	15	15	5
Comprehensive Income Attributable to Non-Controlling Interests	1	2	1	0	0
Total Comprehensive Income for the Year	7	25	15	15	5
Net Income Attributable to Owners of the Parent (re-stated)	4	23	15	15	4

Source: Processed data using Excel, 2026

Thus, while operating efficiency was maintained, declining gross and net margins highlight challenges in sustaining profitability.

Financial Performance Based on Vertical Analysis of the Balance Sheet

Based on the vertical analysis of the balance sheet of PT Medco Energi Internasional Tbk for the period 2021–2025, it is evident that the company's asset structure is dominated by non-current assets, while the proportion of current assets is relatively smaller. The percentage of current assets fluctuated, from 30% in 2021, decreasing to 21% in 2023, rising slightly to 23% in

2024, and then declining again to 19% in 2025. This indicates that the company's liquidity has gradually weakened in the long term, as the share of liquid assets has diminished. According to Dewi & Dailibas (2026), declining liquidity over time—particularly due to the shrinking proportion of current assets such as cash, receivables, and inventories compared to non-current assets—is a serious indicator of financial risk. This situation suggests that the company has fewer liquid resources to cover short-term obligations.

Conversely, non-current assets increased from 70% in 2021 to 81% in 2025. The largest component of non-current assets remained oil and gas assets, ranging between 30% and 39%. In addition, investments in shares rose from 19% to around 22–23%, indicating a long-term expansion or capital investment strategy. Anggraeni & Sukmadinata (2024) explain that in many companies, increased investment in shares reflects a commitment to operational expansion and strategic acquisitions to support future growth. The dominance of non-current assets reflects the capital-intensive nature of the energy industry, which requires substantial investment in fixed assets such as machinery, plants, and technology. This industry is characterized by high operational leverage, significant asset depreciation, and high entry barriers (Djunaidi & Alfitri, 2022).

From the liabilities perspective, long-term obligations remained high, ranging between 73% and 77% of total liabilities. Bank loans rose significantly from 5% in 2021 to 23% in 2025, showing increased reliance on external financing. Meanwhile, US Dollar bonds dominated in 2021 at 48% but declined in subsequent years before rising again in 2025, reflecting changes in the company's funding strategy. Nafis et al. (2026) note that changes in funding strategy involve adjustments in the mix of debt, equity, and retained earnings to optimize firm value, often through financial restructuring such as new financing facilities or conversions to improve cash flow management.

In terms of equity, retained earnings (unappropriated) grew substantially from 41% in 2021 to around 66% in 2025, demonstrating the company's ability to generate and retain profits to support operations and expansion. Setiawati & Yesisca (2014) describe this as the concept of profitability and retained earnings policy. Furthermore, total equity attributable to the parent entity increased to 91% in 2025, reflecting a stronger capital structure.

Overall, the vertical analysis of the balance sheet shows that PT Medco Energi Internasional Tbk has a strong asset structure in long-term investments, supported by growing equity. However, the declining proportion of current assets and rising dependence on long-term debt raise concerns about liquidity and solvency risks in the future. As Permata (2026) emphasizes, reduced current assets and increased reliance on long-term debt are warning signals in financial statement analysis, directly heightening liquidity (short-term payment ability) and solvency (long-term payment ability) risks.

Financial Performance Based on Vertical Analysis of the Income Statement

The vertical analysis of the income statement of PT Medco Energi Internasional Tbk for the period 2021–2025 shows that all components are expressed as percentages of total revenue (100%). This analysis illustrates the company's cost structure and profitability. Gross profit fluctuated significantly, from 54% in 2022 down to 39% in 2024, and remained stable at 39% in 2025. This decline indicates rising cost of goods sold and pressure on gross profit margins. Melani et al. (2024) explain that such fluctuations and declines in gross profit margins signal serious pressure on profitability, often caused by cost increases outpacing sales revenue. Meanwhile, selling, general, and administrative expenses remained relatively stable between 9% and 13%, reflecting efficiency in controlling operating costs.

Profit before income tax from continuing operations fell from 45% in 2022 to 17% in 2025, showing that although the company continued to generate revenue, rising costs suppressed operating profitability. Income tax expense also declined from 22% to 12% over the same period, following the drop in pre-tax profit. Net income attributable to the parent peaked at 23% in 2022 but fell to 4% in 2025, reflecting weakened profitability for shareholders. A similar downward trend was observed in comprehensive income, which dropped from 25% to 5%, indicating instability in shareholder returns (Ancol, 2021).

Overall, the vertical analysis of the income statement reveals that PT Medco Energi Internasional Tbk's profitability has tended to decline since 2022. Although the company maintained efficiency in operating expenses, the fall in gross and net profit margins highlights financial performance pressures. Therefore, the company must improve cost efficiency and optimize revenue to restore profitability. As Sumbawa (2025) notes, declining gross and net margins—even with controlled operating expenses—signal serious financial strain due to high costs, requiring operational efficiency and revenue optimization to strengthen profitability.

Conclusion

The vertical analysis of PT Medco Energi Internasional Tbk's financial statements (2021–2025) concludes that the company's structure is dominated by non-current assets, reflecting long-term investments typical of capital-intensive industries. However, declining current assets suggest liquidity risks. Funding relies heavily on long-term liabilities, particularly bank loans, though equity has strengthened through retained earnings. Profitability shows a downward trend after 2022, with declining gross and net margins despite controlled operating expenses. Overall, the company's financial performance is relatively stable in capital structure and investment, but faces challenges in liquidity and profitability, requiring optimization of asset management, cost control, and revenue enhancement.

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