MANAGEMENT OF STRATEGIC AND OPERATIONAL CHALLENGES: AN EMPIRICAL ANALYSIS OF BUSINESS AND FINANCIAL PERFORMANCE IN THE REAL ESTATE INDUSTRY IN 2020-2022 (PT. PAKUWON JATI TBK & PT. CIPUTRA DEVELOPMENT TBK)

AN UNDERGRADUATE THESIS

Presented as Partial Fulfilment of the Requirement to Obtain a Bachelor Degree in Accounting Department

by

AZKIA SALMA AZZAHRA

Student No.: 20312292

DEPARTMENT OF ACCOUNTING
INTERNATIONAL UNDERGRADUATE PROGRAM
FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITAS ISLAM INDONESIA
YOGYAKARTA

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DECLARATION OF AUTHENTICITY

"I hereby declare that the thesis submitted is my original work, does not contain material that has been submitted for an academic degree at any institution, and does not contain work or opinions that have been published by others, unless it has been properly recognized and referenced in this document. I am willing to accept all forms of sanctions in accordance with existing regulation, if, in the future, it is proven that this statement is not accurate."

Yogyakarta, May 13, 2024

Researcher,

Azkia Salma Azzahra

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on 31st of May 2024 and Declared Acceptable

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Yogyakarta, 31st of May 2024
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UNIVERSITAS ISLAM INDONESIA
YOGYAKARTA
FAKULTAS BISNIS DAN EKONOMIKA

(Prof. Johan Arifin, S.E., M.Si., Ph.D., CFrA, CertiPSAS.)

ACKNOWLEDGEMENTS

Bismillahirrahmanirrahim

Assalamu'alaikum Warahmatullahi Wabarakatuh

Alhamdulillahirabbil'alamin, a million praises and thanks be to Allah, for His blessing and guidance, so that the thesis entitled **"Management of Strategic and Operational Challenges: An Empirical Analysis of Business and Financial Performance in The Real Estate Industry in 2020-2022 (PT. Pakuwon Jati Tbk and PT Ciputra Development Tbk)"** as a pivotal step towards fulfilling the requirements for my Bachelor's degree in the Accounting Department of the International Undergraduate Program at the Faculty of Business and Economics, Universitas Islam Indonesia, is finally finished.

To everyone who has contributed to the completion of this undergraduate thesis, genuine gratitude and best wishes are given. On this particular occasion, I'd like to send my regards to:

1. **Allah SWT,** for creating such a beautiful path with His abundant blessings and unwavering guidance, granting me the resilience and strength to complete this thesis within the optimal timeframe.
2. My beloved mom, **Mrs. Endah S, M.M,** and my lovely dad, **Mr. Muhammad Subhan, S.Pd.I** no amount of words can truly express the depth of my love and gratitude for you both. Million thanks for all the sincere prayers, unwavering support, warmest love, the up-and-down journey, and all the things you sacrificed for this little daughter. Thank you for always believing in my abilities even when I do not, convincing me that with Allah's blessings, nothing is beyond reach. This thesis is merely a small gift of my appreciation for all your endless support, love, and guidance upon me.

3. My precious grandma, **Yangti** and **Mbah Putri**, for all the sincere words that became a du'a, for all the Tahajjud prayers where all sincere du'a for me are delivered. Thank you for supporting me in every step I take, for the endless devotion and the boundless love that you shower upon me.
4. The one and only sibling, **Wazna Fauzia Azzahro'**, my partner in crime for every situation. Thanks for bringing joy and warmth to every moment we have, for the love and laugh, making this endeavor all the more meaningful.
5. **Mr. Suwaldiman, S.E., M.Accy, Ak.** as my content advisor who assisted me in completing my thesis by providing creative ideas and inspiration, as well as constructive criticism and suggestions, making this thesis more meaningful.
6. **Ms. Annida Nurul Faiza Asni, S.Pd., M.Pd.** as my language advisor throughout the course of this thesis. Thank you for giving me supportive lexical advice in writing this thesis.
7. **Mrs. Yuni Nustini, Dra., MAFIS, Ph.D., Ak** as the Director of ACCA Faculty of Business and Economics UII. Thank you for all the invaluable advice and supports during this ACCA and bachelor journey.
8. **Mr. Prof. Fathul Wakhid, ST., M.Sc., Ph.D.** as the Rector of Universitas Islam Indonesia.
9. **Mr. Johan Arifin, S.E., M.Sc., Ph.D., CfrA, CertIPSAS**, as the Dean of the Faculty of Business and Economics, Universitas Islam Indonesia.
10. **Prof. Rifqi Muhammad, S.E., S.H., Ph.D., SAS., ASPM** as the Head of Accounting Study Program.
11. All the **Lecturers of the Faculty of Business and Economics UII,** who had accompanied my undergraduate journey and taught me valuable lessons during the process in obtaining this Bachelor's degree.

12. My best partners and studymates in the International Undergraduate Program, **Nelva** for all the lessons learned, shared struggles, and support throughout our ACCA journey, especially, and **Putri** for all the incredible support and journey, shared stories and cherished memories that have enriched our bond, may Allah grant us ease in reaching our goals as we continue on our respective paths. I am also thankful to all my beloved classmates in Accounting IUP 2020, particularly my peeps (**Rina, Nida, Dhila**, and **Arin**) who have contributed to our collective growth and learning experience with friendship and dedication.
13. My sweet homie buddies, my friends who feel like a family, **Pesantren UII batch 2020**, especially **Sinar**, the best listener who patiently bearing witness to my complaints and worries, **Ikvi**, who actively gives me the rationale and constructive suggestions, **Zahra,** for all the positivity that has always built my trust and confidence to my capability, **Anggun,** for all the sharings and unwavering supports, and **Lulu**, for enriching joy to my journeys and experience. Thank you for the shared struggles and the special memories we've created together.
14. All the **team of KSPM**, thank you for creating a supportive environment that encouraged my growth throughout my college years.
15. All Pecun, **Mine, Yayang, Apiz,** and **Ketenk** for enriching my college memories through laughter and experiences, particularly during the final year of my bachelor journey.
16. Lastly, special thanks to **myself** for embodying the determination, resilience, and efforts, that propelled me forward throughout this bachelor journey, for consistently surviving through the ups and downs journey, and for continuous efforts and prays.

The author admits that this thesis still requires suggestions and constructive criticism to achieve perfection. Input from peers, mentors, and experts in the field will undoubtedly contribute to its refinement and overall quality. The author wishes to express gratitude to everyone who assisted in finishing this thesis but was not specifically acknowledged above. Hopefully, this thesis is useful for academic purposes. Aamiin.

Wassalamu'alaikum Warahmatullahi Wabarakatuh

Yogyakarta, 11th of May 2024

Azkia Salma Azzahra

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ABSTRACT

This study aimed to analyze the effectiveness of management strategies in addressing the strategic and operational challenges using the analysis of business and financial performance as measurement tools over three years from 2020 to 2022. This research examined the business and financial performance of the Property and Real Estate Industry in Indonesia, particularly PT Pakuwon Jati Tbk and PT Ciputra Development Tbk. The data used in this study is secondary data obtained from various sources, including the annual reports from IDX and the company's official website. Historical financial analysis showed that PT Pakuwon Jati Tbk's liquidity, average solvability, and average efficiency showed a good improvement thus increasing the profitability and market analysis. Using this robust financial performance, supported by strategic initiatives, synergy-driven recovery, and digitalization efforts, the researcher prospected the financial performance of PT Pakuwon Jati Tbk namely improved revenue growth, profitability, liquidity, and solvency, while stable efficiency analysis with a slight upward trajectory. Meanwhile, even though PT Ciputra Development Tbk had improved the liquidity, solvability, average efficiency, and Net Profit Margin, the market analysis showed a fluctuating trend. Using this historical data, supported by sustainability, efficient resource management, and embrace of digitalization, the researcher prospected for the financial performance of PT Ciputra Development Tbk namely continued revenue growth and profitability, liquidity, and solvency and slight improvement in efficiency. The DCF valuation for PT Pakuwon Jati Tbk indicated a positive market upside potential, suggesting undervaluation. Conversely, PT Ciputra Development Tbk's DCF valuation suggested a slightly negative market upside potential, possibly indicating overvaluation.

Keywords: Financial Performance, Management Strategic Analysis, Financial Analysis, Prospective Analysis

ABSTRAK

Penelitian ini bertujuan untuk menganalisis efektivitas strategi manajemen dalam mengatasi tantangan strategis dan operasional dengan menggunakan analisis kinerja bisnis dan keuangan sebagai alat ukur selama periode tiga tahun, yaitu 2020-2022. Penelitian ini berfokus untuk mengkaji kinerja bisnis dan keuangan Industri Properti dan Real Estate di Indonesia, khususnya PT Pakuwon Jati Tbk dan PT Ciputra Development Tbk. Data yang digunakan dalam penelitian ini merupakan data sekunder yang diperoleh dari berbagai sumber, antara lain laporan tahunan BEI dan situs resmi perusahaan. Analisis keuangan historis menunjukkan bahwa likuiditas, rata-rata solvabilitas, dan rata-rata efisiensi PT Pakuwon Jati Tbk menunjukkan perbaikan yang baik sehingga meningkatkan profitabilitas dan analisis pasar. Dengan menggunakan kinerja keuangan yang kuat tersebut, didukung oleh inisiatif strategis, upaya pemulihan dan digitalisasi yang didorong oleh sinergi, peneliti memperkirakan kinerja keuangan PT Pakuwon Jati Tbk yaitu peningkatan pertumbuhan pendapatan, profitabilitas, likuiditas dan solvabilitas, serta analisis efisiensi yang stabil dengan trend yang sedikit meningkat. Sementara itu, meskipun PT Ciputra Development Tbk telah meningkatkan likuiditas, solvabilitas, rata-rata efisiensi dan Net Profit Margin, namun analisis pasar menunjukkan tren yang berfluktuasi. Dengan menggunakan data historis ini, didukung oleh keberlanjutan (*sustainability*), pengelolaan sumber daya yang efisien, penerapan digitalisasi, peneliti memperkirakan kinerja keuangan PT Ciputra Development Tbk yaitu pertumbuhan pendapatan dan profitabilitas yang berkelanjutan, likuiditas, dan solvabilitas serta sedikit peningkatan dalam efisiensi. Valuasi DCF untuk PT Pakuwon Jati Tbk menunjukkan potensi kenaikan pasar yang positif, sehingga mengindikasikan adanya undervaluation. Sebaliknya, valuasi DCF PT Ciputra Development Tbk menunjukkan potensi kenaikan pasar yang sedikit negatif, kemungkinan mengindikasikan overvaluation.

Kata Kunci: Kinerja Keuangan, Analisis Strategi Manajemen, Analisis Keuangan, Analisis Prospektif

CHAPTER 1
INTRODUCTION

1.1 Background of Study

The real estate industry plays a crucial role in driving economic growth in Indonesia. It serves as a catalyst for various sectors, including construction, finance, manufacturing, and services. According to Liu and Wen (2019), compared to other industries, the real estate sector possesses distinct characteristics such as extended payback periods for development investments, substantial upfront costs, reliance on pre-sales, and susceptibility to national macroeconomic regulations. Furthermore, listed real estate companies typically have more excellent asset-liability ratios, which can affect cash flow and directly impact their operational effectiveness and profitability. Consequently, it becomes crucial for real estate enterprises to heed the government's directives and enhance their profitability in response.

The property industry in Indonesia plays a significant role in driving economic growth and meeting the housing needs of its growing population. However, this vital sector has challenges. Digitalization and urbanization fueled by population expansion, are two key trends connecting with retail real estate (Nanda et al., 2021). The expanding population's basic economic needs have spurred the development of technological advancements to meet those needs. Consequently, the traditional retailing model has undergone extensive changes in response to ongoing disruptions. The COVID-19 pandemic has further accelerated these disruptions, leading to profound and sudden changes. It is challenging to foresee precisely how these tendencies will develop in the future or what types and organizational structures of retail businesses will hold up in the wake of the COVID-19 problem.

These challenges require real estate companies to stay agile, innovative, and responsive to market dynamics and evolving customer needs. Adapting to regulatory changes, adopting sustainable practices, embracing technology, and forging strategic partnerships can help real estate companies overcome these challenges and thrive in a dynamic industry. One of the developments made by the retail industry is switching to online retail. The advent of online retail platforms has brought about a significant transformation in the retail sector. Given the rise in spending on food delivery and online shopping during the pandemic, it's feasible that these innovative consumer behaviors will persist long after the crisis has passed. This presents great opportunities for the retail industry, as transitioning to online retail can lead to cost savings regarding property, electricity, and salaries. Concurrently, the COVID-19 pandemic has also had implications for the property sector. In an in-depth analysis of earlier research, Sanderson and Read (2020) emphasized the value of client-centered property management, particularly in the post-pandemic period. Additionally, Poleg (2020) highlights the growing demand for flexible leasing options in response to tenants' evolving needs. This has created pressure on traditional property management models. Given these challenges and opportunities, real estate companies must remain adaptable, innovative, and responsive to market dynamics and customers' changing preferences.

PT. Pakuwon Jati Tbk is a diversified real estate developer in Indonesia that is vertically integrated across the entire real estate value chain from land acquisition, property development, marketing, and operational management. The Superblock concept, an expansive integrated mixed-use development with retail stores, offices, condominiums, and hotels, was first introduced in Indonesia by PT. Pakuwon Jati Tbk. As a very experienced property company, PT. Pakuwon Jati Tbk has succeeded in overcoming various problems that have arisen and been experienced by most companies in the property industry with various innovations and good strategies during the pandemic. In 2020, during the initial outbreak of the Covid-19 Pandemic in Indonesia, PT. Pakuwon Jati Tbk had the lowest decline in net profit margin compared to its competitors, 38%. Strong long-term relationships with tenants and buyers have been established by its track record of performance and reputation in the real estate sector. It offers a solid foundation for quick company growth and stability during the pandemic.

To obtain high-quality research results, this study analyzed PT. Pakuwon Jati Tbk and compare it to its competitor, PT. Ciputra Development Tbk. As of December 2022, PT. Ciputra Development Tbk has completed 84 projects in different Indonesian cities, including shopping malls, hotels, hospitals, apartments, office buildings, and golf courses. As one of Indonesia's biggest real estate firms, the company is dedicated to building on each success to surpass it the following year. As a real estate and property development firm, PT. Ciputra Development Tbk. is not the same as PT. Pakuwon Jati Tbk. in one of its business projects; PT. Ciputra Development Tbk. has some businesses in the health sector such as hospitals, whereas PT. Pakuwon Jati Tbk has not. Both companies are near the top of the IDX board and have a solid track record overall. However, their financial performance and business approaches differ. As a result, an in-depth analysis of the two businesses is essential.

Considering the importance of business and financial performance analysis for investors to see the prospects, strengths, and weaknesses of the company to make an appropriate investment decision and for the management to determine the suitability and success of the strategies in facing the challenges, this study aimed to analyze the effectiveness of property and real estate companies' management strategies in addressing the strategic and operational challenges using the analysis of business and financial performance as measurement tools, under the title, "Management of Strategic and Operational Challenges: An Empirical Analysis of Business and Financial Performance in Real Estate Industry (PT. Pakuwon Jati Tbk & PT. Ciputra Development Tbk)".

Financial performance is a subjective measure of a company's ability to employ assets from its principal method of operation to create revenue. Additionally, it serves as a broad indicator of the overall financial well-being of an organization over a specific time frame

(Gartenberg, 2016). Financial performance indicators are quantitative measurements used to assess an organization's performance to serve as a reliable measure of the effectiveness of management strategies in addressing the diverse challenges faced by the retail industry. By evaluating financial indicators, it is possible to assess how healthy management has navigated and adapted to these challenges.

In assessing the company's financial performance, investors, creditors, and other stakeholders rely on financial statement analysis as a fundamental tool to gain a comprehensive understanding of its financial health and performance. The balance sheet, income statement, cash flow statement, and any supporting notes and disclosures are all systematically reviewed as part of this analysis of the company's financial statements. Investors can evaluate the company's profitability, liquidity, solvency, and efficiency—all important elements impacting investment decisions—by carefully examining these financial statements. Conversely, creditors use this approach to determine the company’s capacity to pay its debts. In addition to investors and creditors, other stakeholders, such as suppliers, employees, and regulatory authorities, also turn to financial statement analysis to assess the company's stability and viability. The insights gathered from this analysis are critical for making informed judgments regarding the organization, whether investing, giving credit, or engaging in business interactions. As it immediately affects the decisions made by many stakeholders, a comprehensive understanding of the company's financial performance is crucial in the business sector (Jackson, 2021).

In determining the effectiveness of management strategies to address the strategic and operational challenges, this study evaluated the company’s business and financial performance by utilizing two analyses: financial analysis and prospective analysis. In the financial analysis, the researcher would evaluate a company’s financial health and performance by assessing various financial aspects, such as profitability, liquidity, solvency, and efficiency. Finally, in prospective analysis, the researcher would project a company's future financial performance and position.

The dynamic landscape of the real estate industry, shaped by challenges such as digitalization, urbanization, and the COVID-19 pandemic, has compelled real estate companies to be adaptable, innovative, and responsive to market dynamics. To thrive in this evolving environment, companies must embrace agility and innovation. The pandemic and technological advancements have accelerated changes, leading to a shift towards online retail and customer-centric property management. Financial performance, encompassing metrics like financial analysis and prospective analysis is a measure of management effectiveness in addressing these challenges. Assessing these metrics offers valuable insights into resource allocation, risk management, and operational efficiency. By considering financial performance indicators alongside other relevant metrics, stakeholders can make well-informed decisions to improve long-term financial outcomes and successfully navigate the changing real estate landscape.

1.2 Research Problem

To what extent has management effectively addressed strategic and operational challenges in the Real Estate Sector using the analysis of business and financial performance as measurement tools over three years?

1.3 Research Objectives

This study aimed to analyze the effectiveness of management strategies in addressing the strategic and operational challenges using the analysis of business and financial performance as measurement tools over a period of three years.

1.4 Significance of Study

This research is expected to offer significant contributions to the Real Estate Sector's academic and practical aspects.

1. Academic Contributions

   This research holds several significant benefits for the academic realm. Firstly, it contributes to the body of knowledge by offering valuable empirical evidence concerning the effectiveness of various management strategies within the complex domain of real estate. This empirical foundation enriches the existing theoretical frameworks with real-world context and practical insights, enhancing our understanding of how these strategies play out in the field. Secondly, the study aids in refining measurement tools used to assess management effectiveness. By focusing on business and financial performance metrics, it is not only providing a more comprehensive understanding but also contributes to the development and improvement of these measurement instruments, benefitting future research endeavors. Thirdly, the research adopts a commendable three-year longitudinal approach. This extended timeframe enables the identification of trends and patterns, and the assessment of the sustainability of management practices, offering a more nuanced perspective on how these strategies evolve over time. Lastly, the research takes a holistic view, addressing both strategic and operational challenges within the real estate sector. This comprehensive approach adds depth and relevance to the academic discourse, aligning it more closely with the multifaceted realities faced by industry professionals. Consequently, these benefits collectively enhance the academic community's knowledge base and contribute to a more robust and nuanced understanding of management strategies in the real estate sector.

2. Practical Implications

The practical implications of this research are highly relevant for industry practitioners within the real estate sector. Firstly, the findings of this study offer valuable guidance to professionals, such as managers, executives, and policymakers, by highlighting effective management strategies. This guidance is particularly crucial in addressing the complex challenges faced in the real estate industry. Secondly, the research assists in risk mitigation by providing insights into how to effectively manage risks associated with financial performance. This knowledge is invaluable for safeguarding the financial health of real estate companies, especially during uncertain economic conditions. Thirdly, implementing the strategies identified in the research can potentially confer a competitive advantage on real estate companies. Such an advantage can attract investors, stakeholders, and customers seeking financially resilient and well-managed firms, positioning these companies favorably in a competitive market landscape. In essence, the practical implications of this research empower industry practitioners with the tools and knowledge needed to make informed decisions, navigate challenges, and potentially gain a competitive edge in the real estate sector.

1.5 Research Framework

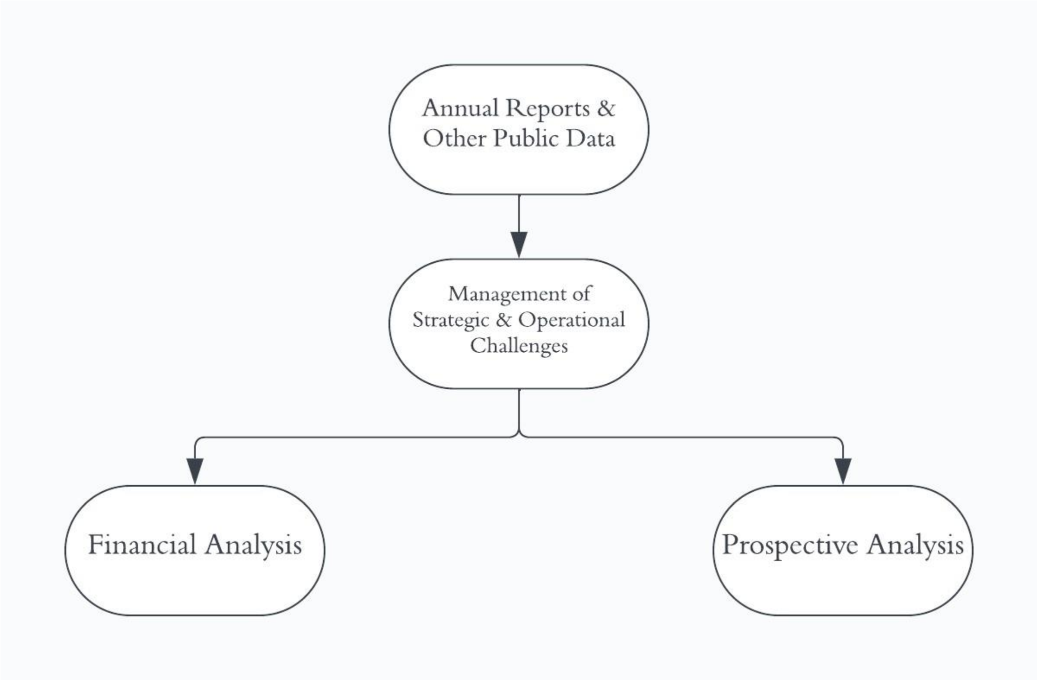

Figure 1. Research Framework

1.6 Research Limitations

While this study provides valuable insights, it is crucial to recognize its inherent limits. These restrictions might affect how the results are interpreted and used. These limitations must be considered when evaluating the research's scope and generalizability. These are the limitations of this study:

1. The sample that was used covers the period of 2020-2022. Given the brief duration of this study, the economy's overall condition is still generally the same.
2. The data used in this research is secondary data obtained from the Indonesia Stock Exchange website, www.idx.co.id. As a result, there was no direct explanation from related parties to verify the data used in this study because the researcher conducted no direct interviews.

1.8 Systematics Writing

Chapter I: Introduction

This chapter describes the background of the problem, the problem formulation, the study objectives, the research contributions, the research framework, the limitations of the study, and the systematic writing.

Chapter II: Literature Review

This chapter covers the theoretical foundations used in the research and an overview of previous studies.

Chapter III: Research Methods

This chapter contains the research design, data sources, data processing, and analysis techniques used in this study.

Chapter IV: Data Analysis

This chapter explains a description of the company and property industry, data, data analysis, interpretation of data processing results, and arguments or discussion of the research results.

Chapter V: Conclusion

This chapter contains conclusions from the results of the research in the previous chapter and suggestions for similar future studies.

CHAPTER 2
LITERATURE REVIEW

This chapter provides an extensive and thorough examination of the literature review, covering various aspects such as strategic and operational business challenges, business and financial performance analysis, and previous research. The information gathered from the literature review was then used to formulate hypotheses for the study.

2.1 Strategic and Operational Challenges

Every business has its challenges. According to Nunes et al. (2022), business challenges are problems frequently in the way of effective business models. Addressing these challenges is essential to facilitate a transformative shift towards innovation and sustainability. Business challenges ***in the real estate industry***, refer to the specific difficulties and obstacles faced by real estate businesses in their operations, growth, and profitability. These challenges arise from various factors and conditions within the industry, and they require strategic planning, adaptation, and effective management to overcome.

The demand for physical property space and revenue generation channels are both impacted by the evolution of the consumer market. This dynamic is particularly relevant in the property sector, as highlighted by Nanda et al.(2021). To explore this phenomenon, this study begins by examining existing literature and perspectives on the challenges and opportunities faced by the retail sector. It also explores the long-term effects of growing digitalization and the development of internet retail, two factors that have shaped the sector for decades. Furthermore, the study discusses the importance of financial performance as a metric for measuring a company's success in addressing these challenges. Finally, the research aims to assess the effectiveness of companies in responding to the current challenges and evaluate their impact on financial performance.

2.1.1 Covid-19 Implications

The Covid-19 pandemic has changed human behavior in almost all aspects. Numerous studies have examined how the economic crisis has affected numerous industries, particularly the real estate sector. According to Khan & Faisal (2020), who conducted a study based on 15 articles from various journals and reports discussing the impact of Covid-19 on the Chinese economy, the research reveals that the pandemic, coupled with the lockdown measures implemented in Wuhan and subsequently in other cities and provinces, resulted in a reduction and even cessation of numerous communal activities. This included the suspension of schooling, limitations on public gatherings, a halt in manufacturing, disruptions in transportation (both land and air), and setbacks in various sectors such as finance, banking, and import-export activities. Consequently, there was a decline in the growth rate, with a 2% decrease from the pre-pandemic achievement of 6%. The study also found that the Covid-19 outbreak, particularly during the initial lockdown in Wuhan, had negative consequences on news reporting and business interactions within the city, Hubei Province, China. Furthermore, as the virus spread throughout mainland China, similar effects were observed (Baldwin & Tomiura, 2020).

One of the primary industries adversely impacted by the COVID-19 pandemic is the economy, which has experienced a sharp fall in performance (Kustiyono et al., 2022). Most people have been obliged to limit their activities as a result of the COVID-19 pandemic, which has been spreading havoc in Indonesia since the beginning of March 2020. Several industries suffered as a result, particularly economics.

Consumption patterns are just one of the many variables that disasters and crises greatly impact (Pantano et al., 2020). It is quite possible that these new purchasing habits will become the new standard after the outbreak, given the significant increase in expenditure on online shopping and food delivery during the pandemic (Nanda et al., 2021). The biggest shift in consumer buying behavior has been toward online grocery shopping. The current increase in online sales is attributed to both new and existing clients, according to Hwang et al. (2020). They think that a business may survive and adapt to a pandemic with the help of the internet retail platform. Along with the recent rise in online purchasing, the sale of luxury goods has seen impressive growth. Both single- and multi-brand luxury merchants have gathered a large number of customers, especially those with an online sales channel. Desmichel and Kocher (2020) find that customers are more likely to compare prices and brands in multi-brand stores since they offer a more comprehensive selection than single-brand stores. This is more likely to take place if the consumption is done online. Consumers are more likely to compare various brands, goods, and price ranges when they have more options (Nanda et al., 2021). They believe that hedonic purchasing can lessen consumers' sensitivity to price. The demand for the accommodation, restaurant, and retail sectors has significantly decreased, and there has been a temporal shift from in-person sales to online services, according to Abay et al. (Abay et al., 2020). Hacioglu et al. (2021) report that while consumer spending in some categories, like dining out, travel, and entertainment, remained low in June 2020, other industries, like retail, food delivery, and durable goods, had a recovery as a result of the partial relaxation of restriction measures.

Research studies have investigated how the Covid-19 epidemic will affect the real estate industry. According to a study by Nanda et al. (2021), the COVID-19 pandemic has sped up changes to the management approach for retail property over the previous ten years. Understanding the advantages of customer-focused property management is important, especially in the wake of the COVID-19 epidemic, according to a number of studies (Sanderson & Read, 2020). Despite the fact that long-term leases and fixed-rate rent have historically provided stability and predictable cash flow (Halvitigala et al., 2011), tenants are increasingly seeking flexibility in lease terms to accommodate changes in their spatial requirements and taking advantage of their increased bargaining power. Hence, it is essential to refocus strategy, reaffirm core company objectives, and balance physical and digital presence optimally as retail organizations work to recover from the pandemic's effects.

2.1.2 Digitalization Era: Disruptive Digital Technologies

Technology is the factor that is disrupting practically all aspects of a company and altering the traditional company paradigm. Digital technologies have emerged as major drivers of innovation and disruption across various industries, encompassing specialized fields like nanotechnology, quantum biology, and nutrigenomics, as well as everyday activities such as mobile phones and smart gadgets (Iivari et al., 2020). This new element is not an exception in the real estate industry, and it is already beginning to affect how business operations are implemented across the whole industry supply chain. Established industry players that haven't changed to the new business model may be in danger, while entrepreneurs creating innovative, affordable, efficient technology may also benefit from it (Lizam, 2019).

However, while digital disruptions have significantly impacted the world, the real estate sector has been slow to embrace these technologies, lagging by more than five years (Ullah et al., 2018). Particularly in the Australian real estate sector, digital technologies have not been used to their full potential (Shaw, 2020). Traditional mindsets among real estate managers present considerable implementation obstacles notwithstanding the potential for change in the real estate industry (Ullah & Sepasgozar, 2020). However, in order to align with Industry 4.0 and become a smart sector, the real estate industry must undergo a transformation (Ullah et al., 2018). Consequently, it is crucial to research and evaluate the potential applications of various technologies in real estate, identify obstacles to their acceptance, and put forth a framework to deal with this unresolved issue. All parties concerned may benefit from enhanced productivity and higher-quality services due to such initiatives.

The global real estate sector has witnessed the introduction of numerous digital technologies. Many research projects have focused on these technologies (Saull et al., 2020), ranging from industry-specific topics like digital twins and Building Information Modeling (BIM) to disruptive developments like big data and analytics. These disruptive digital technologies (DDTs) are designed to change conventional real estate into intelligent ones. According to Ullah et al. (2018), "smart real estate" refers to buildings or plots of land that use electronic sensors to gather data and make it accessible to users, agents, and property managers for effective asset and resource management. Smart real estate is characterized by its user-centric approach, sustainability, and integration of DDTs to achieve comprehensive benefits. Like smart cities, smart real estate relies heavily on technology (Ullah & Sepasgozar, 2020). As a result, many technologies have been developed and researched with appropriate circumstances to enable real estate users to make well-informed judgments that reduce the possibility of regret (Ullah et al., 2018).

2.1.3 The Emergence of E-Commerce and Online Platforms

In the early stages, research examined how the COVID-19 epidemic affected China's retail industry, paying particular attention to the growing importance of online channels. These investigations concentrated on how the pandemic affected online commerce (Gao et al., 2020) and how online resources assisted the general public in coping with the burgeoning health issue (Hao et al., 2020).

Information Technology has played a significant role in economic development, and e-commerce stands out as a prominent example of this contribution. E-commerce is purchasing or selling products through online services or the Internet (Kumar & Asst Professor, 2018). Kogta (n.d.) stated in his study that the digitalization era has transformed customer behavior in a more comfortable way. This transformation is evident in the increasing adoption of E-commerce platforms, which has been driven by the surge in smartphone users. The key factor behind the popularity of the E-commerce industry is the widespread use of mobile apps accompanying smartphones. E-commerce has had an impact on the retail sector due to several variables. Some of them are the customer expectations around convenience, lower prices, and the influence of customer reviews. All those factors have led customers to shop at e-commerce rather than retail stores. Brick-and-mortar shopping has naturally decreased as a result of the implementation of social distancing measures in order to prevent the pandemic's spread (Kogta, n.d.). As a result, it is expected that there will be a rise in online shopping as consumers turn to e-commerce to buy items they would have previously purchased in physical stores.

Offline retailers are experiencing price problems as a result of the entry of internet retailers into the market. They must sell their goods for low prices that just cover their operating expenses, leaving them with no profit margin, in order to survive in the market. Since e-commerce companies provide such steep discounts, it is nearly impossible for physical retailers to even stay afloat (Bhatia & Kiran, 2019). The rise of online shops has presented challenges for offline retailers; they can survive and thrive by focusing on enhancing the customer experience, integrating technology, forming strategic partnerships, targeting niche markets, and leveraging data analytics. By embracing these strategies, offline retailers can carve out their own space in the competitive retail landscape and offer unique value propositions to customers.

2.2 Financial Statement Analysis

According to Bergevin (2001), financial statement analysis is the art and science of assessing the components of a company's monetary declarations, known as financial statements. Based on their study, people construct opinions on the activities of a firm in the past, present, and future. These opinions direct their behavior and impact those who follow their advice.

Financial statement analysis is a systematic process of evaluating a company's financial performance and position by examining its financial statements. Each statement provides distinct insights into different facets of the company's operations, financial health, and cash flow dynamics.

The Income Statement is a dynamic snapshot of a company's revenues, expenses, gains, losses, and special items over a specific period. These categories provide hints related to the likelihood of a recurrence, which is useful in forecasting (Soffer & Soffer, 2003). Key components such as gross profit, operating income, and net income reveal the efficiency of the company's core business operations and its ability to generate profits.

The Balance Sheet depicts a company's financial position at a certain time. It showcases the company's assets, liabilities, and equity. Assets represent what the company owns, liabilities indicate its obligations, and equity represents the owners' residual interest. The Balance Sheet is crucial for assessing liquidity, leverage, and overall financial structure. Common ratios derived from the Balance Sheet include the current ratio and debt-to-equity ratio, which help evaluate short-term liquidity and long-term solvency.

The Cash Flow Statement outlines the inflows and outflows of cash and cash equivalents over a given period. It categorizes these activities into operating, investing, and financing activities. The operating activities report the ongoing major activities of the business, the investing activities disclose cash flows for the acquisition and disposal of long-term assets, and the financing activities detail sources and uses of cash from owner and creditor financing (Bergevin, 2001).

2.3 Financial Analysis

Financial analysis is the process of examining financial statements and other relevant data to assess the financial health and performance of an organization. This analysis typically involves reviewing a company's income statement, balance sheet, and cash flow statement to assess its profitability, liquidity, solvency, and overall financial position. Financial analysis's primary objective is to evaluate a company's performance in relation to its declared objectives and strategy (Palepu et al., 2004).

Ratio analysis is the method employed in the examination of the main financial statement. Despite this, an analyst must first examine the financial data using a few basic methods, such as common size analysis and trend analysis.

2.3.1 Common Size Analysis

A common size analysis is a financial analysis technique that compares various line items in a financial statement to a base item within the same statement. Each line item is represented as a percentage of a common base, which is usually net sales for the income statement or total assets for the balance sheet (Gibson, 2012).

This method helps in assessing the relative proportions of different components within a financial statement, allowing for a better understanding of the composition and structure of the company's financials. For instance, in a common-size balance sheet analysis, each asset, liability, and equity item is presented as a percentage of the total assets. This facilitates the comparison of different asset categories or liabilities against the total size of the balance sheet, providing insights into their relative significance.

Common size analysis is valuable for financial statement users, including investors, analysts, and management, as it simplifies the comparison of financial statements across different periods or against industry benchmarks. It aids in identifying trends, anomalies, and areas of concern within the financial statements, contributing to informed decision-making and financial analysis.

2.3.2 Trend Analysis

Trend analysis is a technical analysis technique that aims to forecast future stock price movements based on recent trend data. According to research that was conducted by Kusumah (2020), the trend analysis is a method in the statistical analysis used to predict the company's financial condition in the future. Trend analysis forecasts the long-term direction of market sentiment by utilizing previous data, such as price fluctuations and transaction volume. Trend analysis is useful since it will benefit investors to follow trends rather than go against them. The underlying principle of it is that traders may predict future events based on past performance. This may involve attempting to determine the likelihood of a present market trend—such as gains in a certain market sector—continuing as well as the possibility that a trend in one market area could lead to a trend in another. By looking at the trend of a particular ratio, one sees whether that ratio is falling, rising, or remaining relatively constant. This helps detect problems or observe good management (Gibson, 2012).

Analysts should take into consideration three primary categories of market trends:

1) Upward Trend

   A prolonged period of rising prices in a specific security or market is called an upward trend, or bull market. Upward trends are usually seen as signs of economic success and can be caused by variables, including favorable economic conditions, rising incomes, and strong demand.

2) Downward Trend

A prolonged period of declining prices in a specific securities or market is called a downward trend, or bear market. Downward trends are usually seen as signs of economic weakness and can be caused by various factors, including slow demand, declining wages, and unfavorable economic conditions.

3) Sideway Trend

A sideways trend is a stretch of comparatively steady prices in a specific securities or market, sometimes referred to as a rangebound market. A sideways trend is characterized by prices that move in extremely tiny ranges and have no clear trend.

To identify significant patterns, trend analysis entails gathering, organizing, and analyzing historical data. Graphical representations like line charts, bar graphs, or trendlines are often used to visualize and communicate these trends effectively. Trend analysis is a crucial tool in financial analysis, aiding stakeholders in understanding a company's financial health, identifying potential opportunities or risks, and making informed decisions for future strategies and actions.

2.3.3 Ratio Analysis

The previously mentioned fundamental methods provide an overview of financial reports; ratios will be used for the actual analysis. In conversations about company management, financial ratios are highly common. Specifically, creditors and investors employ ratio analysis when deciding how to distribute assets or make investments. Comparing the company's ratio to the industry helps in making this decision. Different supporting data and ratios will be needed to make judgments on the distribution of investment credit and working capital credit. The kind of decision that is made will determine the kind of ratio that is employed. Liquidity, solvency, activity, profitability, and market analyses are the categories under which ratio analysis belongs (Prihadi, 2019).

1) Liquidity Ratio

Liquidity ratios are financial metrics used to evaluate a company's ability to meet its short-term financial obligations using its liquid assets. These metrics assess the company's short-term solvency or liquidity condition by evaluating how quickly it can turn its short-term assets into cash. These ratios are essential because they give information about the business's financial health, short-term solvency, and capacity to meet unforeseen expenses to creditors, investors, and management.

The liquidity ratios commonly used are:

a. Current Ratio

The Current Ratio evaluates how well a business can use its short-term assets to pay off its short-term liabilities. It is computed by dividing current assets by the current liabilities of a business. A corporation's short-term financial health is often indicated by a current ratio above 1, which shows that the company has more current assets than current liabilities. A highly high current ratio, however, can indicate that the business is not making the most use of its resources. For a more accurate interpretation, it is necessary to compare this ratio with industry standards and take the company's unique circumstances into account.

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

b. Quick Ratio

The Quick Ratio, commonly known as the Acid-Test Ratio, is a more stringent liquidity measurement. It evaluates whether a business can satisfy short-term obligations quickly and without the need for inventory by utilizing only its most liquid assets, which include cash, marketable securities, and accounts receivable. Compared to the current ratio, the quick ratio offers a more cautious assessment of a company's short-term liquidity. If the ratio is more than one (1), the business can use its most liquid assets to pay its short-term debt.

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

c. Cash Ratio

The most stringent liquidity metric is the cash ratio, which only considers a company's capacity to pay short-term obligations with cash and cash equivalents. It takes inventory and accounts receivable out of the calculation. The most cautious evaluation of a company's capacity to satisfy its short-term obligations with its cash reserves is given by this ratio. A ratio greater than 1 signifies that the company can fulfill its immediate obligations without relying on other current assets.

$$\text{Cash ratio} = \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$$

2) Solvency Ratio

Besides the short-term liability, the company’s financial leverage is also influenced by its debt financing policy. One of the benefits that the company considers in using the debt financing policy is that debt is typically cheaper than equity, as the firm promises predefined payment terms to debt holders. However, too much reliance on debt financing is potentially costly to the company’s shareholders. Hence, it becomes an essential thing that must be considered by the management.

a. Debt to Assets

The debt-to-asset ratio helps assess how well creditors are safeguarded in the event of insolvency by showing what proportion of assets are financed by the creditors. The lower this ratio is from the standpoint of long-term debt-paying ability, the better the company's debt position (Gibson, 2012).

Debt to Assets $= \frac{Total\ Debts}{Total\ Assets}$

If the debt-to-asset ratio is less than 0.5 times, the company's assets are financed from equity. If the value of debt to asset ratio is greater than 0.5 times, it means that the company's assets are financed from debt. Meanwhile, if the debt-to-asset ratio shows 0.6-0.7 times, it is said to be normal. Even so, these results must be compared with the debt-to-equity ratio in the same industry.

b. Debt to Equity

The debt-to-equity ratio determines an entity's long-term debt-paying potential by comparing total debt to total shareholder equity. This ratio aids in assessing the level of protection afforded to creditors in the event of insolvency. The lower this ratio is from the standpoint of long-term debt-paying ability, the better the company's debt position (Gibson, 2012).

Debt to Equity $= \frac{Total\ Debts}{Total\ Equity}$

c. Interest Coverage Ratio

This ratio assesses how well a business can use its operating income to pay its interest costs. A greater interest coverage ratio shows that the business makes enough money to quickly pay its debt in interest.

Interest Coverage Ratio $= \frac{EBIT}{Interest\ Expense}$

3) Activity/Efficiency Ratio

An activity ratio is a general term for any kind of financial indicator used by research analysts and investors to determine how well a business uses its assets to produce cash and revenues. These ratios provide insight into how well a business manages its assets, how well it runs its operations, and how well it turns its resources into revenue.

a. Total Asset Turnover

The total assets turnover ratio assesses how effectively a company uses its assets to make a sale. Total sales are divided by total assets to calculate how well a company uses its assets. Lower ratios could mean that a business is having trouble selling its goods. A higher ratio indicates that the business is making good use of its resources to produce revenue.

Total Asset Turnover $= \frac{Sales}{Total\ Sales}$

b. Receivable Days

Receivable days measure how long it typically takes a business to get paid by customers after making a credit sale. Cash flow management benefits from a company's ability to collect accounts receivable more promptly, as evidenced by a reduced receivable days statistic.

Receivable Days $= \frac{Accounts\ Receivable}{Sales} \times 365\ days$

c. Payable Days

Payable days are the average number of days a company takes to pay its suppliers after buying products or services on credit. Higher payable days could mean the business settles its payables more slowly, improving its cash conversion cycle.

Payable Days $= \frac{Accounts\ Payable}{Cost\ of\ Sales} \times 365\ days$

d. Inventory Days

Inventory days are the average number of days it takes for a company to sell its inventory. A lower inventory days figure suggests quicker inventory turnover, which is indicative of effective inventory management and may minimize the risk of out-of-date items or holding expenses.

Inventory Days $= \frac{Inventory}{Cost\ of\ Sales} \times 365\ days$

4) Profitability Ratio

Profitability ratios examine a company's ability to generate earnings in relation to various factors of its operations, assets, equity, and sales. They demonstrate the efficiency with which a company generates wealth and earnings for its owners. Examples of profitability ratios are margin and return ratios. Higher ratios are usually preferred over lower ratios since they indicate the success of converting sales into profit. These ratios are employed to assess a company's current performance in comparison to its past results, other companies operating in the same industry, or the industry average.

a. Gross Profit Margin

The gross profit margin ratio is used to calculate the percentage of gross profit on net sales. A company can most likely charge more for its goods if it has a higher gross margin than its rivals. It can imply that the company has a significant competitive edge. A larger gross profit margin indicates more effective profit generation once direct costs are deducted.

Gross Profit Margin $= \frac{Gross\ Profit}{Sales}$

b. Net Profit Margin

The net profit margin, often known as the net margin, represents a company's ability to create earnings after deducting all expenses and taxes. By dividing net income by total revenue, it may be calculated. One indicator of a company's overall financial health is its net profit margin. It can show whether the management of the business is controlling all expenditures and making a sufficient profit from sales.

Net Profit Margin = $\frac{Net\ Profit}{Sales}$

c. Return on Assets (ROA)

ROA calculates how well a business uses its assets to make a profit. It reflects the proportion of net revenue received from overall assets used. A greater ROA is indicative of more effective use of assets to produce revenue. A company's potential for profit and sales increase with the number of assets it has amassed. In the end, ROA may rise when returns expand more quickly than assets due to economies of scale, which assist reduce costs and increase margins.

Return on Assets $= \frac{Net\ Income}{Total\ Assets}$

d. Return on Equity

ROE is a crucial ratio for shareholders as it assesses a company's capacity to earn a return on its equity investments. The ratio might rise as a result of higher net income generated by a larger asset base backed with debt. An enterprise with a high return on equity (ROE) may be seen favourably by investors. It may suggest that a business can make money on its own and is not dependent on debt.

Return on Equity $= \frac{Net\ Income}{Total\ Equity}$

5) Market Ratio

Market ratios are financial measurements that are used to assess a company's performance and value on the stock market. They are sometimes referred to as market valuation ratios. These ratios assess investor sentiment, market perception, and the company's valuation in relation to its financial performance by contrasting the market price per share of an organisation with a range of financial metrics.

a. Earnings per Share (EPS)

The computation of earnings per share (EPS) involves dividing the net profit of a business by the total number of outstanding common shares. Earnings per share (EPS), a measure of a company's profitability per share of stock, is one often used figure for assessing corporate value. A higher EPS is a sign of greater value since it indicates that a firm is making more money relative to its share price, which will entice investors to pay more for the shares.

$$\text{Earnings per Share (EPS)} = \frac{Net\ Income\ after\ Tax}{Number\ of\ Shares}$$

b. Price to Earning Ratio

The price-to-earnings ratio is a valuation metric that compares a company's current share price to its earnings per share (EPS). Price-to-earnings ratios, or P/E ratios, are a tool used by analysts and investors to evaluate a company's shares in relation to those of other companies in the same industry. Additionally, it can be used to evaluate an organization based on its own past performance or to assess how different aggregate markets have been over time or against one another.

$$\text{Price to Earnings Ratio (P/E)} = \frac{Share\ Price}{Earnings\ per\ Share}$$

2.3.4 Dupont System Analysis

The Dupont system analysis, according to Gibson (2012), is an in-depth analysis of return on assets, total asset turnover, and net profit margin. Because the net profit margin and total asset turnover have a direct impact on the return on assets, they are typically assessed simultaneously. This method is developed by E. I. Dupont de Numours and Company into this computation:

$$\text{Return on Equity (ROE)} \quad = NPM \times TATO \times EM$$

1) Net Profit Margin

   Net Profit Margin measures the percentage of net income earned relative to total revenue, indicating the company's profitability from its operations.

2) Total Asset Turnover Ratio

   Total Asset Turnover Ratio assesses the efficiency of a company in generating sales revenue relative to its total assets, showing how effectively assets are used to generate sales.

3) Equity Multiplier

   Equity Multiplier evaluates the extent of a company's financial leverage or reliance on debt by comparing total assets to shareholders' equity.

4) Return on Equity

   Return on Equity (ROE) measures the company's profitability by indicating the percentage of net income generated relative to shareholders' equity, reflecting the return earned for each dollar of equity investment.

5) Return on Investment

   Return on Investment (ROI) evaluates the efficiency of an investment by comparing the gain or loss generated relative to the initial investment, illustrating the profitability of an investment.

- Net Profit Margin (NPM) $= \frac{Net\ Profit}{Sales}$
- Total Asset Turnover (TATO) $= \frac{Sales}{Total\ Assets}$
- Equity Multiplier $= \frac{Total\ Assets}{Total\ Equity}$

- Return on Equity (ROE) $= NPM \times TATO \times EM$
- Return on Investment (ROI) $= NPM \times TATO$

2.4 Prospective Analysis

Prospective analysis is an analysis that is conducted with a forward-looking decision in mind, and it is often advantageous to summarize the analysis's findings with an explicit forecast (Palepu et al., 2004). Forecasts are necessary for analysts to convey their opinions about the company's prospects to investors, as well as for bankers and other market players to determine the possibility of loan repayment. Forecasts are most crucial for managers since they help with planning and setting performance goals. Therefore, it is essential to conduct the prospective analysis at the last stage of the analysis process, after the historical financial statements have been appropriately corrected to fairly represent the company's economic performance, given its significance in the financial statement analysis process.

2.4.1 Financial Statement Forecasting

In order to synthesize the forward-looking perspective that results from financial, accounting, and company strategy analysis, forecasting is the initial stage of a prospective analysis. For managers, consultants, security analysts, investment bankers, commercial bankers, and other credit analysts, among others, forecasting remains a crucial instrument, even though not all financial statement analyses have this clear summary of an outlook for the future. The best way to predict future performance is to do it thoroughly, generating a prediction of cash flows, the balance sheet, and earnings in addition to an earning forecast. The method shown here uses line-by-line analysis to identify how various elements on the balance sheet and income statement are impacted by various causes. However, the majority of the forecasted statistics are still typically driven by a small number of critical assumptions, such as profit margin and sales growth (Palepu et al., 2004).

The forecasting process should be based on an awareness of the average behavior of different financial statistics and the factors that could lead to a firm's deviation from the average. Conversely, in the absence of detailed information, sales and earnings figures are expected to remain at current levels, adjusted for overall trends in recent years (Palepu et al., 2004). Moreover, this understanding of financial statistics must be complemented by a keen awareness of external factors influencing a company's performance. Economic indicators, industry trends, and technological shifts play pivotal roles. While an assumption of sales and earnings persistence is reasonable absent contradictory information, it is crucial to continually validate against emerging market conditions. Unforeseen events, such as economic downturns or disruptions, necessitate ongoing risk assessment and scenario planning. The forecasting process, therefore, requires a dynamic approach, blending historical insights with real-time adaptability to anticipate and navigate the complexities of the business landscape effectively.

2.4.1 Discounted Cash Flow Valuation

Discounted Cash Flow (DCF) valuation is a popular method in finance for estimating the present value of a company's future cash flows. It is predicated on the assumption that a company's current value is equal to the present value of its predicted future cash flows, discounted by the cost of capital (Dahlquist & Knight, 2022). The DCF model is especially beneficial for assessing companies with significant growth potential or those that are not publicly listed since it allows for the calculation of a company's intrinsic value based on predicted future cash flows.

The DCF model comprises several components, including the expected cash flows, the discount rate, and the terminal value. The predicted cash flows represent the company's future cash inflows and outflows, which are estimated using historical trends, industry averages, and other considerations. The discount rate is the amount by which the company's cash flows are discounted to their present value. This rate is often the company's weighted average cost of capital (WACC), or the rate at which it can borrow money. The terminal value is the present worth of the company's cash flows after a specified time period, often 5-10 years. This number is calculated as a multiple of the company's predicted cash flow in the last year of the projection period (Dahlquist & Knight, 2022).

The DCF model is an effective tool for investors and analysts because it allows them to assess a company's intrinsic value using its predicted future cash flows. This value should then be compared to the company's current market price to determine if it is undervalued or overvalued. The model is also useful for companies that are not publicly traded, as it allows them to estimate their intrinsic value for purposes of mergers and acquisitions or other financial transactions.

In conclusion, the DCF model is a popular and effective method in finance for evaluating the present value of a company's future cash flows. It is predicated on the assumption that a company's current value is equal to the present value of its predicted future cash flows, discounted by the cost of capital. The approach is especially useful for assessing companies with significant growth potential or those that are not publicly listed because it estimates a company's intrinsic value based on predicted future cash flows.

CHAPTER 3
RESEARCH METHODS

3.1 Research Design

This study centers on conducting an in-depth analysis of PT. Pakuwon Jati Tbk., recognized as one of the top-tier property firms in Indonesia. Additionally, this research comprehensively analyzed PT. Ciputra Development Tbk. The aim is to compare the financial performance and management strategies employed by both PT. Pakuwon Jati Tbk. and PT. Ciputra Development Tbk. in navigating challenges within the competitive landscape of the property industry. This research used a qualitative method. According to Creswell (2014), qualitative research is a method carried out by exploring and understanding the meaning or finding and understanding social problems both individually and in groups. Qualitative research is carried out by involving questions, analyzing data from specific to general themes, and then making interpretations of the existing data. When using this method, researchers need to use an inductive style point of view, focus on individual meaning, and interpret the complexity of existing problems.

3.2 Sources of Data

This study used secondary data in the form of financial reports for the property industry registered and listed on the Indonesia Stock Exchange. The data sources for this research were www.idx.co.id and the official website of the company. The data collection method in this study used the documentation method which is a method carried out by taking and collecting secondary data from several relevant sources and then studying all the collected documents related to the research.

3.3 Data Analysis

In this study, the data analysis techniques used are:

3.3.1 Financial Analysis

a. Trend Analysis

Trend analysis is a technique used to determine whether the financial performance over the previous three years has changed.

Index number $= \frac{Current\ Year\ Amount}{Base\ Year\ Amount} \times 100\%$

b. Common Size Analysis

A common size analysis is a method of analyzing financial statements that involves figuring out how each line item in the statement of financial position and the statement of profit or loss should be compared to either the total assets (for the SoFP) or the sales amount (for the SoPL common size financial statement shows each report's items as a percentage of a common base amount. Common-size financial statements are intended to highlight notable changes in a company's financials and facilitate comparisons with competitors. The researcher examined the percentages between two or more years in a common size analysis to assess the soundness of the finances, the utilization of money, and the source of cash.

Statement of financial position $= \frac{Asset\ Component}{Total\ Assets} \times 100\%$

Statement of profit or loss $= \frac{Components\ of\ Profit\ or\ Loss}{Total\ Sales} \times 100\%$

c. Ratio Analysis

2. Liquidity Ratio

Liquidity ratios assess a company's capacity to pay down short-term loans when they come due.

- Current ratio $= \frac{\text{Current Assets}}{\text{Current Liabilities}}$

- Quick ratio $= \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$
- Cash ratio $= \frac{\text{Cash and Cash Equivalent}}{\text{Current Liabilities}}$

3. Solvability Ratio

Solvability ratios were used to assess a company's long-term viability by paying down its long-term debt as well as the interest on its debt.

- Debt to asset $= \frac{Total\ Debts}{Total\ Assets}$
- Debt to equity $= \frac{Total\ Debts}{Total\ Equity}$
- Interest Coverage Ratio $= \frac{EBIT}{Interest\ Expense}$

4. Efficiency Ratio

The efficiency ratio also known as activity ratio, is a type of financial indicator that indicates how well a company leverages its balance sheet assets to create revenues and cash.

- Total Asset Turnover $= \frac{Sales}{Total\ Sales}$
- Receivable Days $= \frac{Accounts\ Receivable}{Sales} \times 365\ days$
- Payable Days $= \frac{Accounts\ Payable}{Cost\ of\ Sales} \times 365\ days$
- Inventory Days $= \frac{Inventory}{Cost\ of\ Sales} \times 365\ days$

5. Profitability Ratio

Profitability ratios were used to assess how well a company's operations can generate profits.

- Gross Profit Margin $= \frac{Gross\ Profit}{Sales}$
- Net Profit Margin $= \frac{Net\ Profit}{Sales}$
- Return on Assets $= \frac{Net\ Income}{Total\ Assets}$

- Return on Equity $= \frac{Net\ Income}{Total\ Equity}$

6. Market Prospect Ratio

Market prospect ratios were used to compare the stock price of publicly listed firms to other financial measurements such as earnings and dividend rates.

- Earnings per Share (EPS) $= \frac{Net\ Income\ after\ Tax}{Number\ of\ Shares}$
- Price to Earnings Ratio (P/E) $= \frac{Share\ Price}{Earnings\ per\ Share}$

d. Du Pont System Analysis

Du Pont system analysis is an analysis used to assess the profitability and rate of return on equity.

- Net Profit Margin (NPM) $= \frac{Net\ Profit}{Sales}$
- Total Asset Turnover (TATO) $= \frac{Sales}{Total\ Assets}$
- Equity Multiplier $= \frac{Total\ Assets}{Total\ Equity}$
- Return on Investment (ROI) $= NPM \times TATO$
- Return on Equity (ROE) $= NPM \times TATO \times EM$

3.3.2 Prospective Analysis

a. Forecasting Financial Statements

Prospective analysis predicts future financial performance using historical data, industry trends, and assumptions to forecast income, balance sheets, and cash flow statements. It guides strategic planning, budgeting, and investment decisions, assessing various scenarios' impacts on a company's financial health. Yet, as it relies on assumptions, it requires ongoing adjustments due to uncertainties for accuracy.

Initially, the process commences with the collection and thorough analysis of the company’s historical financial statements, which include the income statements, balance sheets, and cash flow statements, to provide a foundational understanding necessary for forecasting future financials. This includes projecting sales, estimating expenses, forecasting capital expenditures and investments, and assessing changes in working capital. Pro forma financial statements are then constructed based on these projections. Additionally, scenario analysis assesses the potential impacts of alterations in key assumptions on the forecasted financial outcomes. This methodology helps in understanding the susceptibility of financial projections to changes in variables. Furthermore, regular reviews and continuous updates to assumptions and projections are carried out to ensure the accuracy and relevance of the prospective analysis. Lastly, effective communication of findings aids strategic planning and decision-making, making prospective analysis an ongoing, adaptable process essential for informed financial decisions.

b. DCF-Valuation

A basic method for figuring out an investment's actual value is to use its intrinsic value, which is determined using the Discounted Cash Flow (DCF) valuation method. This approach involves estimating the future cash flows that an asset will produce, applying a suitable discount rate to bring those cash flows to their present value, and adding them together to determine the intrinsic value of the asset. First, analysts project future cash flows that the asset is expected to produce over a given period of time. They usually do this by using financial estimates derived from past performance, industry trends, and macroeconomic variables. The forecasted income, operating costs, taxes, and capital expenditures should all be included in these cash flow estimates. The estimated cash flows are then discounted back to their current value using a discount rate, also known as the required rate of return or cost of capital. This discount rate, which represents the investment's risk, is usually established by taking into account the investor's needed rate of return, the volatility of the asset, and current interest rates. Ultimately, the intrinsic value of the asset is calculated by adding the present value of all projected cash flows. If the calculated intrinsic value is higher than the current market price of the asset, it may be considered undervalued and potentially a good investment opportunity. On the other hand, if the asset's intrinsic value is less than its market value, it might be overvalued, so investors might want to sell the item or continue with caution.

CHAPTER IV
DATA AND ANALYSIS

4.1 General Description of The Property, Real Estate, and Building Construction Industry and The Company

This subchapter provides a description and explanation of the Indonesian Property and Real Estate Industry and an overview of *PT. Pakuwon Jati Tbk* and *PT. Ciputra Development Tbk.*

4.1.1 Indonesian Property, Real Estate, and Building Construction Industry

Overview of the Global Economy

In 2022, the global economy faced challenges hindering post-pandemic recovery, including geopolitical tensions between Russia and Ukraine disrupting supply chains, leading to soaring commodity and food prices and a sharp rise in global inflation to 8.8%. Major central banks, like the Federal Reserve, tightened monetary policies to combat inflation, worsening financial strains on emerging markets. Global economic growth slowed to 2.9%, raising concerns of a near-recession, particularly impacting developing countries. Thus, international cooperation is crucial to prevent a global recession, alleviate debt pressures in developing nations, sustain global trade, and expedite the shift towards clean energy.

The Central Bureau of Statistics reported that Indonesia's inflation rate for 2022 was 5.51%. The inflation target for 2022 is the highest in the previous eight years. In order to keep the rate of inflation under control, Bank Indonesia also increased the benchmark interest rate five times in 2022, to a final level of 5.5%. The government will keep an eye out for any signs of a slowdown in the world economy that could lower demand. Therefore, strengthening the foundation of the national economy through investment and consumption will be crucial to raising Indonesia's economic resilience going forward.

Industry Overview

However, Indonesia remains in relatively good shape. The World Bank's Indonesia Economic Prospects report, released in December 2022, showed 5.4% growth in the country's GDP. commodities prices have increased as a result of Russia's invasion of Ukraine, which has helped enterprises in the commodities sector grow. Furthermore, social restriction rules have been lifted as a result of the vaccination program's success in helping the country recover from the COVID-19 pandemic. This has resulted in an increase in pent-up demand, accelerating the expansion of private consumption in several industries.

The real estate sector continues to recover as well. According to Bank Indonesia (BI)'s Residential Property Price Survey Report for the fourth quarter of 2022, home mortgage (KPR) and apartment mortgage (KPA) loan values increased by 7.79% (yoy) in the fourth quarter of 2022 compared to 7.73% (yoy) in the third quarter. According to BI, one of the issues is the availability of financing for primary house purchases. The stimulus policy of easing the Loan to Value (LTV)/Financing to Value (FTV) ratio for property loans or financing to a maximum of 100% is expected to boost primary home sales growth in the fourth quarter of 2022 to 4.54% (yoy), an increase compared to the fourth quarter of 2021 which contracted 11.6%.

In terms of the commercial property industry, BI reported that the rent category's commercial property demand index increased by 11.59% (yoy) in the fourth quarter of 2022 as opposed to 10.41% (yoy) in the same period the previous year. Rising demand across all rental category sectors, particularly for hotels, convention centers, and rental apartments, contributed to this growth. However, the index figure decreased in comparison to the third quarter of 2022, which saw a growth of 16.19%. This was caused by a number of factors, including the fact that the rental period, which normally ends at the end of the year, correlated with the decline in the occupancy rate of apartments by expatriates returning to their home countries.

In the meantime, compared to the fourth quarter of 2021, when it grew by 0.96%, the commercial property demand index for the sales category in the fourth quarter of 2022 was only reported to expand by 0.76% (yoy). This situation resulted from declining demand for industrial land in the regions of Bogor, Depok, Bekasi, and Semarang, as well as declining demand for for-sale office space, particularly in Jakarta.

Business Prospect

Indonesia's economy has showcased remarkable resilience in its post-pandemic recovery, drawing acclaim for its strength. As the economy stabilizes, the property industry is experiencing a resurgence; this has attracted renewed interest from both consumers and investors. Despite concerns that global recession concerns will occur in 2023, Indonesia's economy is expected to maintain a steady growth rate of around 5% annually. This optimism is supported by forecasts from reputable institutions like the IMF, World Bank, and ADB, aligning with the government's positive growth outlook of 5.3% for 2023. These positive projections bode well for the business and property sectors in the upcoming year.

The demand for primary residences in Indonesia remains high, with a backlog of approximately 12 million houses. Despite the Ministry of Public Works and Public Housing's efforts to construct 1 million houses annually, meeting this demand will take considerable time. With an annual increase of 600,000 families, the necessity for new homes is anticipated to persist for over 15 years. This sustained demand, coupled with the ongoing economic recovery, indicates continued growth in the property sector, presenting the right moment for consumers to invest and for investors to capitalize. Apart from that, developers will also benefit from a government subsidy program in 2022, aiding in the provision of housing for the community.

However, the property industry faces challenges in 2023, especially those originating from inflation and rising interest rates. In the US, inflation has reached a 40-year peak, prompting aggressive interest rate increases by the Federal Reserve. Similarly, Indonesia experienced its highest inflation rate in seven years in September 2022, leading Bank Indonesia to raise benchmark interest rates by 1.25% for 2022. These actions are expected to impact mortgage rates and contribute to elevated residential property prices. Although demand for residential properties remains strong, rising building costs and mortgage rates may result in a slight slowdown in consumption and property purchases. To navigate these inflationary pressures, developers must innovate and seize opportunities in the market.

4.1.2 PT. Pakuwon Jati Tbk

As a leading real estate developer in Indonesia, PT Pakuwon Jati Tbk has built various world-class masterpieces for 4 decades and has become an inseparable part of the country's property industry. PT Pakuwon Jati Tbk was established on September 20, 1982, with the legal basis for establishment in accordance with Deed No. 281 which has been approved by the Minister of Justice of the Republic of Indonesia based on Decree No. C2-308.HT.01. TH.83 dated January 17, 1983. PT Pakuwon Jati Tbk with the stock code "PWON" was listed on the stock exchange on October 9, 1989, with an authorized capital of IDR 3,000,000,000,000 (120,000,000,000 shares). Shareholders as of 31 December 2020 with issued and fully paid-up capital amounting to IDR 1,203,990,060,000 (48,159,602,400 shares) with the main shareholder being PT Pakuwon Arthaniaga amounting to 68.68% of the total outstanding shares. PT Pakuwon Jati Tbk as a leading company with a real contribution to Indonesia has various main property sectors such as commercial, hotel, retail, and housing.

Over the course of four decades, PT Pakuwon Jati Tbk, a leading real estate developer in Indonesia, has constructed numerous internationally acclaimed masterpieces and grown to be a vital component of the nation's real estate market. Pakuwon Jati, who introduced the Superblock concept to Indonesia, has been successful in creating integrated spatial planning projects of a vast size, encompassing retail malls, offices, condominiums, and hotels. With one head office, two townships, and four superblocks comprising six office centers, ten shopping centers, two service apartments, twenty-three condominiums, and six hotels, Pakuwon Jati now has a significant commercial network.

By the end of 2022, six (six) offices totaling 155,000 square meters were owned and operated by PT Pakuwon Jati Tbk. These offices were located in three different locations: Gandaria 8 Office, Kota Kasablankan Tower A and B, Pakuwon Tower in Jakarta, and Pakuwon Tower and Pakuwon Center in Tunjungan Plaza Superblock Surabaya. Out of the six offices, five are strata-title office buildings where the majority of the space is leased and the remaining portion is sold to clients; in contrast, Kota Kasablanka Tower B's office buildings are solely for rental use. The companies who rent and use the Company's office buildings are primarily well-known business sectors, such as finance, insurance, telecommunication, securities, and other professional services.

Additionally, the company has 10 (ten) shopping centers located throughout Jakarta, Surabaya, Yogyakarta, and Solo, totaling 780,000 square meters. The Company owns and operates Gandaria City, Kota Kasablanka, and Blok M Plaza as its shopping centers in Jakarta. The Company operates Pakuwon Mall, Tunjungan Plaza, Pakuwon Trade Center, Royal Plaza, and Pakuwon City Mall in Surabaya. The Company also owns Pakuwon Malls in Central Java, Jogja, and Solo Baru. The company runs two service apartments: the Somerset Berlian service apartment in Jakarta and the Surabaya Ascott Waterplace service apartment at Pakuwon Mall Superblock.

The company manages six starred hotels with a total of 1,813 rooms: Sheraton Surabaya Hotel and Towers (5-star), Four Points by Sheraton, Tunjungan Plaza (4-star), Four Points by Sheraton, Pakuwon Indah (4-star), and The Westin, Pakuwon Indah (5-star). Additionally, the company manages the five-star Sheraton Grand Jakarta, Gandaria City in Jakarta, and the Yogyakarta Mariott Hotel in Yogyakarta.

In addition, the company developed a township idea for highrise residential areas, which it implements through the development of two townships: Pakuwon City in East Surabaya and Grand Pakuwon in West Surabaya. The township development encompasses commercial and educational spaces, as well as residential components constructed and maintained in clusters, all supported by first-rate residential facilities and infrastructure. With different target consumers for each of the company's products, all of the company's products are directed at the Indonesian domestic market, which includes Jakarta, Surabaya, Solo, and Yogyakarta.

In 2022, the Company's operating income was IDR 5,987 billion, an increase of 4.80% from the previous year's figure of IDR 5,713 billion. The revenue from shopping centers, offices, and serviced apartments makes up the majority of the company's overall operating income (50.30%), with real estate and hospitality contributing 35.37% and 14.33%, respectively.

4.1.3 PT. Ciputra Development Tbk

On October 22, 1981, Dr. (HC). Ir. Ciputra established PT Citra Habitat Indonesia, which marked the beginning of PT Ciputra Development Tbk. The company became known as PT Ciputra Development Tbk in 1991, and it is currently regarded as one of Indonesia's top real estate firms. In 1994, the company conducted an Initial Public Offering (IPO) and was listed with the ticker number CTRA on the Indonesia Stock Exchange, which was then known as the Jakarta Stock Exchange. PT Ciputra Surya went public as a subsidiary in 1999 and was given the ticker number CTRS. In 2007, PT Ciputra Property went public and was given the ticker code CTRP. This was the next step in the company's expansion. In 2016, the Company obtained an official declaration from the Financial Services Authority (OJK) regarding the merger plan between the Company, CTRS, and CTRP, which was permitted by the signing of the Deed of Merger on January 12, 2017.

By focusing on the IPE culture, the company, dedicated to creating excellent and high-quality real estate goods for customers, keeps innovating in business development and performance enhancement. This is demonstrated by the company's dedication to becoming a green and technologically advanced real estate developer that produces high-quality goods without harming the environment. The company consistently develops creative and sustainable designs for every project, along with a user-friendly digital service system that serves as the perfect benchmark for all the products it delivers.

As of December 2022, the Company had completed 84 projects in different locations around Indonesia. These projects included apartments, shopping centers, hotels, hospitals, and golf courses in addition to city-scale housing. Being among the biggest real estate firms in Indonesia, the company is dedicated to enhancing each accomplishment in order to surpass the previous year's performance.

The PT Ciputra Development Tbk's Articles of Association has divided its business activities into two; the development of residential projects, particularly township residential, and the development and management of commercial properties. Land lots, residential homes, shophouses, apartments, and strata title offices are the typical forms of the company's residential products. The development and management of commercial properties include the leasing of hotels, apartments, offices, water parks, golf courses, hospitals, and commercial areas or malls. From a revenue standpoint, the company classified revenue from rental enterprises such as malls, hotels, offices, etc. as recurring income and revenue from sales of residential products as net sales.

In 2022, the Company launched 2 new residential projects, which are CitraLand Tanjung Morawa Kota Deli Megapolitan and CitraLand City Kedamean, totaling Rp422.8 billion in pre-sales and contributing 5.1% of the total pre-sales.

With PT Perkebunan Nusantara II as a joint operation partner, the company successfully opened CitraLand Tanjung Morawa KDM in November 2022, following the success of CitraLand Helvetia Kota Deli Megapolitan (KDM) in 2021. CitraLand Tanjung Morawa KDM launched four residential clusters in the first phase. The clusters are made up of shophouses and houses, with prices per unit starting at Rp1.2 billion and Rp450 million, respectively. CitraLand Tanjung Morawa KDM is well situated close to Kualanamu Airport and the Tanjung Morawa toll exit. CitraLand Tanjung Morawa KDM, a 50-hectare development area, will be constructed utilizing an international design concept to create an integrated residential and commercial area with green open space amenities. CitraLand Tanjung Morawa KDM has recorded a pre-sale of Rp260.1 billion for 209 unit residences and 89 unit shophouses to the end of 2022.

Additionally, the company has started to work on its newest project in Gresik, East Java, which has a 200-hectare development area. The largest residential development project in Gresik, CitraLand City Kedamean is a joint venture with Prima Group. CitraLand City Kedamean is conveniently situated three minutes from the Krian toll gate and two minutes from the Belahan Rejo toll gate. The Havel cluster was introduced in the first phase of the project, which is envisioned as "The Future of Gresik," with costs ranging from Rp500 million to Rp2 billion per unit. CitraLand City Kedamean sold 221 unit houses in 2022, bringing in Rp162.7 billion before sales.

The Company's business operations are separated into two segments: residential and commercial property. The residential segment includes a land provision, integrated regional development with public infrastructure and facilities, sales and management of residential areas (landed houses), development of housing and other properties for sale, and sales of apartments and strata-titled office spaces (high rise). Conversely, the commercial property section includes the construction and administration of retail malls, and hotels, leasing apartments and offices, golf courses, and healthcare facilities. One of the most significant differences between these two businesses is that PT Ciputra Development Tbk owns hospitals or healthcare facilities as one of its commercial properties, but PT Pakuwon Jati Tbk does not.

The residential segment accounts for a large portion of the company's revenue composition, with 62 projects in its portfolio and stronger land sales price growth than commercial property rental price growth. In 2022, residential revenue accounted for 78.8% of the company's total revenue, or Rp7,187.6 billion. In contrast, the company's revenue from commercial property in 2022 was Rp1,939.2 billion, or roughly 21.2% of its total revenue. The company committed to continuously acquiring new commercial property assets in order to enhance the portion of recurring income. At the same time, it focused on improving synergies by emphasizing complementary amenities in its existing developments, which included malls, hospitals, and offices.

4.2 Financial Analysis

The Indonesian Property and Real Estate Industry's financial analysis, which focuses on PT Pakuwon Jati Tbk and PT Ciputra Development Tbk, was conducted by processing financial report data to determine how the industry managed the company's finances over three periods of time using trend analysis, common size analysis, ratio analysis, and Du Pont System analysis. The financial performance research was conducted by comparing the calculated data for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk from 2020 to 2022.

4.2.1 Trend Analysis

Trend Analysis was used in determining the financial performance movements of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk from year on year over 3 periods. A comparison of the financial statement analysis for the years 2020 to 2022 has been conducted as follows:

a. Statement of Financial Position

The following was an example of calculating the percentage of Statement of Financial Position for *PT Pakuwon Jati Tbk* and *PT Ciputra Development Tbk* using trend analysis techniques:

$$\text{Percentage of Total Asset 2020} = \frac{total\ \ asset\ year\ 2020}{total\ asset\ year\ 2019} \times 100\%$$

$$= \frac{26{,}458{,}805{,}377}{26{,}095{,}153{,}343} \times 100\%$$

$$= 101.39\%$$

$$\text{Percentage of Equity 2021} = \frac{total\ \ equity\ year\ 2021}{total\ equity\ year\ 2019} \times 100\%$$

$$= \frac{19{,}178{,}438{,}459}{18{,}095{,}643{,}057} \times 100\%$$

$$= 105.98\%$$

Percentage of Liability 2022 $= \frac{total\ \ liability\ year\ 2022}{total\ liability\ year\ 2019} \times 100\%$

$= \frac{9,883,903,905}{7,999,510,286} \times 100\%$

$= 123.56\%$

The percentage calculation of the Statement of Financial Position of PT Pakuwon Jati Tbk for 2020-2022 using the trend analysis technique was presented below:

Table 1. Percentage Calculation of Trend Analysis Technique of PT Pakuwon Jati Tbk's Statement of Financial Position

PT PAKUWON JATI TBK				
STATEMENT OF FINANCIAL POSITION				
Per 31 December				
	2019	**2020**	**2021**	**2022**
CURRENT ASSETS				
Cash and cash equivalents	100.00%	66.93%	149.39%	172.59%
Trade accounts receivable	100.00%	25.50%	26.93%	24.46%
Inventories	100.00%	127.78%	112.73%	107.03%
Other current assets	100.00%	110.31%	89.96%	92.75%
Total Current Assets	100.00%	89.08%	118.78%	127.08%
NON-CURRENT ASSETS				
Inventories - real estate assets	100.00%	102.60%	102.00%	112.19%
Investment Properties	100.00%	110.56%	107.49%	106.38%
Fixed Asset	100.00%	113.46%	111.68%	112.09%
Other non-current assets	100.00%	77.74%	66.20%	217.83%
Total Noncurrent Assets	100.00%	108.61%	105.84%	111.52%
TOTAL ASSETS	100.00%	101.39%	110.62%	117.27%
CURRENT LIABILITIES				
Trade accounts payable	100.00%	104.04%	64.45%	63.71%
Unearned income	100.00%	81.37%	72.09%	94.77%
Advances from customers	100.00%	523.38%	363.11%	222.53%

Current maturities of long-term bank loans	100.00%	43.58%	5.48%	0.00%
Other current liabilities	100.00%	66.43%	61.46%	69.01%
Total Current Liabilities	100.00%	128.57%	89.50%	78.07%
NONCURRENT LIABILITIES				
Long-term liabilities	100.00%	91.30%	145.50%	160.72%
Other noncurrent liabilities	100.00%	131.83%	136.98%	135.65%
Total Noncurrent Liabilities	100.00%	97.77%	144.14%	156.72%
TOTAL LIABILITIES	100.00%	110.76%	121.10%	123.56%
EQUITY				
Equity attributable to owners of the company				
Capital stock	100.00%	100.00%	100.00%	100.00%
Retained earnings	100.00%	97.38%	107.69%	117.74%
Other components of equity	100.00%	479.94%	1167.02%	-876.00%
Total equity attributable to owners of the company	100.00%	97.76%	107.18%	115.60%
Noncontrolling interest	100.00%	94.84%	100.24%	109.17%
TOTAL EQUITY	100.00%	97.25%	105.98%	114.49%
TOTAL LIABILITIES AND EQUITY	100.00%	101.39%	110.62%	117.27%

Based on the table above, it can be seen that the growth rate of PT Pakuwon Jati Tbk had changed significantly over the period. The cash and cash equivalents experienced a high decrease in 2020 due to the Covid-19 pandemic to 66.93%. Following the cash and cash equivalents, the trade accounts receivable declined extremely to 25.50% in 2020. However, both cash and accounts receivable experienced an upward trend from 2020 to 2022, indicating the company was able to overcome the problems that emerged due to the pandemic. In 2021, the cash and cash equivalent was 149.39% and increased to 172.59% in 2022. Meanwhile, the accounts receivable increased slightly from 25.50% to 26.93% but declined to

24.46 in 2022. The total assets experienced an upward trend from year to year. It increased from 101.39% in 2020 to 110.62% in 2021. In 2022, the total assets consistently increased to 117.27% which was supported by the increase in cash and non-current assets.

Moving forward to liabilities, the table shows that there was a significant upward trend in total liabilities from year to year. In 2020, the total liabilities increased from 110.76% to 121.10% in 2021. This increase continued in 2022 to 123.56%. Based on the table above, it can be seen that the increase in total liabilities was caused by an increase in non-current assets, especially a very drastic increase in 2021 from 97.77% in 2020 to 144.14% in 2021. Meanwhile, the current liabilities decreased consistently from year to year, indicating that the company was able to control its short-term debts. This can be seen from an extreme decrease in trade accounts payable from 104.04% in 2020 to 64.45% in 2021. This decline continued to 63.71% in 2022. If the company is able to manage its debts consistently, it could be predicted that the accounts payable will continue to decrease in 2023.

The total equity trend value was 97.25% in 2020, and it increased to 105.98% in 2021 with a difference of 8.73%. Then, this increase continued significantly in 2022, from 13.51% to 114.49%. This increase was supported by the increase of retained earnings in 2022 to 117.74% compared to the previous year's 107.69%. This indicated that the company’s profit for the year is increasing from year to year. Thus, it could be predicted that the equity would continue to increase in the following year.

The percentage calculation of the Statement of Financial Position of PT Ciputra Development Tbk for 2020-2022 using the trend analysis technique is presented below:

Table 2. Percentage Calculation of Trend Analysis Technique of PT Ciputra Development Tbk's Statement of Financial Position

PT CIPUTRA DEVELOPMENT TBK				
STATEMENT OF FINANCIAL POSITION				
Per 31 December				
	2019	**2020**	**2021**	**2022**
CURRENT ASSETS				
Cash and cash equivalents	100.00%	124.49%	168.99%	213.36%
Trade accounts receivable	100.00%	90.43%	94.65%	81.95%
Inventories	100.00%	114.82%	108.60%	109.20%
Other current assets	100.00%	113.71%	103.61%	111.26%
Total Current Assets	100.00%	113.47%	120.45%	129.55%
NON-CURRENT ASSETS				
Land for development	100.00%	112.43%	114.31%	110.18%
Investment Properties	100.00%	102.79%	102.88%	99.56%
Fixed Asset	100.00%	84.00%	81.06%	83.15%
Other non-current assets	100.00%	104.14%	107.77%	106.73%
Total Non-current Assets	100.00%	103.38%	104.17%	101.83%
TOTAL ASSETS	100.00%	108.45%	112.36%	115.77%
	2019	**2020**	**2021**	**2022**
CURRENT LIABILITIES				
Trade accounts payable	100.00%	112.62%	120.78%	111.64%
Unearned income	100.00%	99.81%	93.82%	89.64%
Advances from customers	100.00%	128.50%	147.84%	155.93%
Short-term bank loans	100.00%	88.39%	36.72%	41.20%
Current maturities of long-term bank loans	100.00%	438.71%	190.11%	94.81%
Other current liabilities	100.00%	104.47%	120.28%	118.46%

Total Current Liabilities	100.00%	138.72%	131.00%	128.82%
NONCURRENT LIABILITIES				
Long-term liabilities	100.00%	88.76%	105.96%	103.82%
Other noncurrent liabilities	100.00%	142.70%	90.69%	93.42%
Total Noncurrent Liabilities	100.00%	101.22%	102.43%	101.42%
TOTAL LIABILITIES	100.00%	118.24%	115.40%	113.86%
EQUITY				
Equity attributable to owners of the company				
Capital stock	100.00%	100.00%	100.00%	100.00%
Retained earnings	100.00%	99.85%	121.93%	144.37%
Other components of equity	100.00%	366.22%	-1296.49%	2442.11%
Total equity attributable to owners of the company	100.00%	99.87%	110.54%	120.10%
Noncontrolling interest	100.00%	88.22%	100.60%	102.73%
TOTAL EQUITY	100.00%	98.29%	109.19%	117.74%
TOTAL LIABILITIES AND EQUITY	100.00%	108.45%	112.36%	115.77%

According to the table above, PT Ciputra Development's total assets have expanded year after year, similar to PT Pakuwon Jati Tbk. This rise was driven by cash and cash equivalents, which increased significantly in 2022 to 213.36% from 168.99% the previous year. This growth was followed by a decline in accounts receivable from year to year, demonstrating the company's ability to recover receivables from its customers, resulting in an increase in total assets from 113.47% in 2020 to 120.45% in 2021 and 129.55% in 2022.

On the liabilities side, PT Ciputra Development Tbk's liabilities fluctuate differently than those of PT Pakuwon Jati Tbk. PT Ciputra

Development's liability has decreased over the last three years. However, PT Pakuwon Jati Tbk's liability continued to rise year after year. The total liabilities declined from 118.24% in 2020 to 115.40% in 2021. It decreased more in 2022, reaching 113.86%. This downward trend showed that the company was able to control its debt. The decrease in total liabilities was aided by a decrease in short-term bank loans, which declined significantly from 88.39% in 2020 to 36.72% in 2021 before increasing by 4.48% to 41.20% in 2022.

Moving on to the equity side, this table demonstrated the positive performance of equity, which showed an upward tendency from year to year. The equity increased from 98.29% in 2020 to 109.19% in 2021. It continued to rise to 117.74% in 2022, demonstrating the outstanding performance of equities. One of the reasons contributing to this increase in equity was an increase in retained earnings year after year. If the company can sustain and grow its profit, equity is expected to rise in the future.

b. Statement of Profit or Loss

The following was an example of calculating the percentage of the Statement of Profit or Loss for *PT Pakuwon Jati Tbk* and *PT Ciputra Development Tbk* using trend analysis techniques:

Percentage of Sales 2020 $= \frac{Sales\ year\ 2020}{Sales\ year\ 2019} \times 100\%$

$= \frac{3{,}977{,}211{,}311}{7{,}202{,}001{,}193} \times 100\%$

$= 55.22\%$

Percentage of Cost of Sales 2021 $= \frac{Cost\ of\ Sales\ year\ 2021}{Cost\ of\ Sales\ year\ 2019} \times 100\%$

$$= \frac{2,949,228,732}{3,144,166,222} \times 100\%$$

$$= 93.80\%$$

The percentage calculation of the Statement of Profit or Loss of PT Pakuwon Jati Tbk for 2020-2022 using the trend analysis technique is presented below:

Table 3. Percentage Calculation of Trend Analysis Technique of PT Pakuwon Jati Tbk's Statement of Profit or Loss

PT PAKUWON JATI TBK				
STATEMENT OF PROFIT OR LOSS				
Per 31 December				
	2019	**2020**	**2021**	**2022**
Revenues	100.00%	55.22%	79.33%	83.14%
Cost of Revenues	100.00%	64.76%	93.80%	88.06%
Gross Profit	100.00%	47.83%	68.12%	79.32%
Selling expenses	100.00%	59.18%	84.20%	88.75%
General and Administrative expenses	100.00%	80.27%	79.83%	109.07%
Income from Operation	100.00%	43.48%	65.77%	75.40%
Finance costs	100.00%	129.59%	154.88%	149.13%
Interest income	100.00%	72.08%	48.79%	66.79%
Other income and expenses	100.00%	110.99%	209.97%	261.31%
Profit before Tax	100.00%	35.13%	47.83%	56.26%
Income tax expense - net	100.00%	96.65%	44.70%	28.89%
Profit for the year	100.00%	34.54%	47.86%	56.52%

According to the table above, sales revenue increased from 2020 to 2022, following a significant decrease to 55.22% in 2020. In 2021, sales revenue increased significantly by 79.33%, a difference of 24.11% from 2020. Similarly, profit for 2021 was significantly greater, at 47.86%, compared to 34.54% in 2020. In 2022, the company's sales revenue increased further, with a marginally greater net profit. The table showed that sales revenue had steadily increased from 79.33% in 2021 to 83.14% in 2022. Additionally, net profit increased from 47.86% in 2021 to 56.52% in 2022. Consistently increasing from year to year, the company's sales revenue and net profit are expected to continue to rise in the coming year.

As the comparison, the percentage calculation of the Statement of Profit or Loss of PT Ciputra Development Tbk for 2020-2022 using the trend analysis technique is presented below:

Table 4. Percentage Calculation of Trend Analysis Technique of PT Ciputra Development Tbk's Statement of Profit or Loss

PT CIPUTRA DEVELOPMENT TBK				
STATEMENT OF PROFIT OR LOSS				
Per 31 December				
	2019	**2020**	**2021**	**2022**
Revenues	100.00%	106.08%	127.88%	119.96%
Cost of Revenues	100.00%	103.48%	128.12%	119.46%
Gross Profit	100.00%	108.69%	127.64%	120.46%
Selling expenses	100.00%	92.99%	95.87%	99.93%
General and Administrative expenses	100.00%	93.08%	93.99%	100.30%
Other income and expenses	100.00%	155.11%	229.13%	426.04%
Income from Operation	100.00%	121.06%	153.96%	140.06%
Finance costs	100.00%	135.65%	137.37%	117.45%
Interest income	100.00%	86.31%	82.40%	85.54%
Equity in net income of associates	100.00%	32.19%	-376.97%	-617.86%

Final tax	100.00%	97.17%	109.07%	104.78%
Profit before Tax	100.00%	108.41%	162.27%	156.43%
Income tax expense - net	100.00%	169.58%	146.38%	169.50%
Profit for the year	100.00%	106.81%	162.69%	156.09%

Based on the table above, PT Ciputra Development Tbk maintained an increase in sales revenue amidst the Covid-19 pandemic crisis. This can be seen from the revenue percentage above 100% for the last three years. Even so, PT Ciputra Tbk's sales revenue growth percentage was relatively fluctuating, it increased to 127.88% in 2021 but decreased to 119.96% in 2022.

This table also shows that the operating expenses of the company experienced a very significant increase in 2021, namely 229.13%, and continued to increase drastically in 2022 to 426.04%. Despite this, profit for the year was still on a fairly good track, even experiencing a very significant increase in 2021, 162.69% compared to 106.81% in 2020. Unfortunately, in 2022, the company's net profit dropped to 156.09%. Based on this track, it is possible that the company's sales revenue and net profit growth will fluctuate throughout the forthcoming year.

c. Analysis of Company Performance Based on Statement of Financial Position

PT Pakuwon Jati Tbk managed to increase the cash and cash equivalents over the last three years resulting in an increase in total assets over the year, especially in 2022. However, in terms of liabilities, even though the company succeeded in reducing the accounts payable from year to year, the total liabilities still represent an upward trend due to the increase of non-current liabilities. This indicated that the company was able to pay off its short-term debts with cash while issuing the non-current liabilities, particularly the bonds payable for the last two years. Moving to the equity side, the company succeeded in increasing the total equity over the last three years by increasing the retained earnings. The increased retained earnings showed that the company had experienced an upward trend in net profit, indicating the company was able to increase its profit from year to year. This showed that the company had demonstrated resilience and adaptability in navigating challenging economic conditions or market disruptions.

In comparison to its competitor, PT Ciputra Development Tbk has shown a notable upward trend in total assets over the last three years, mostly due to a rise in cash and cash equivalents. Notably, while trade accounts payable fluctuated throughout the period, short-term bank loans showed a considerable downward trend, contributing to the overall reduction in total liabilities. This strategic move highlighted the company's ability to successfully handle its debt obligations, encouraging greater trust in creditors to provide additional loans. Moreover, the consistent increase in equity witnessed in PT Ciputra Development Tbk mirrors the upward trend in retained earnings, mirroring that of PT Pakuwon Jati Tbk. This steady increase in retained earnings demonstrates the company's strong ability to generate greater profits, which bodes well for future financial prospects. PT Ciputra Development Tbk's ability to navigate these financial dynamics demonstrates its resilience and adeptness in optimizing its financial position in the face of market fluctuations, establishing it as a powerful player in its industry.

d. Analysis of Company Performance Based on Statement of Profit or Loss

Following a sharp decrease in 2020, PT Pakuwon Jati Tbk has been able to increase its revenues during the last three years. The sales account for 2022 was greater than those for 2020 and 2021, indicating that the company performed a good job of promoting and developing the products. Although the cost of sales in 2021 was significantly greater than in 2020, the company was able to control and manage it effectively, resulting in a lower cost of sales in 2022 and an increased gross profit. Furthermore, the company was able to improve interest income while decreasing finance costs in 2022, resulting in a year-over-year profit rise. Overall, the best three-year performance occurred in 2022, when the company was able to increase revenue, reduce sales costs, and manage other income and expenses wisely. As a plus, the company was able to control income tax expenses in 2022, which is one of the factors contributing to increased net profit.

Compared to PT Pakuwon Jati Tbk, PT Ciputra Development Tbk experienced higher fluctuating sales revenue over the three-year period. This trend became more volatile in terms of operating income and profit for the year. Over a three-year period, the best performance happened in 2021, when the company succeeded in minimizing expenses and optimizing sales revenue, resulting in a significant gain in profit for the year 2021. However, the net profit for 2022 dropped due to lower sales revenue and higher income tax expenses. This tendency indicated that the firm's performance may fluctuate in the coming year, depending on the performance of the company’s management.

4.2.2 Common Size Analysis

Common Size Analysis was used to examine the financial statements of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk in terms of a percentage of one selected or common number during a given time period, and then to compare one item to another.

a. Statement of Financial Position

The following was an example of calculating the percentage of Statement of Financial Position for *PT Pakuwon Jati Tbk* and *PT Ciputra Development Tbk* using common size analysis techniques:

Percentage of Current Assets 2022 $= \frac{Current\ Assets}{Total\ Assets} \times 100\%$

$= \frac{12{,}253{,}466{,}079}{30{,}602{,}179{,}916} \times 100\%$

$= 40.04\%$

The percentage calculation of the Statement of Financial Position of PT Pakuwon Jati Tbk for 2020-2022 using the common size analysis technique is presented below:

Table 5. Percentage Calculation of Common Size Analysis Technique of PT Pakuwon Jati Tbk’s Statement of Financial Position

PT PAKUWON JATI TBK			
STATEMENT OF FINANCIAL POSITION			
Per 31 December			
	2020	2021	2022
CURRENT ASSETS			
Cash and cash equivalents	10.91%	22.32%	24.33%

Trade accounts receivable	0.90%	0.87%	0.75%
Inventories	17.05%	13.79%	12.35%
Other current assets	3.60%	2.69%	2.62%
Total Current Assets	32.47%	39.68%	40.04%
NON-CURRENT ASSETS			
Inventories - real estate assets	10.38%	9.46%	9.82%
Investment Properties	46.74%	41.65%	38.89%
Fixed Asset	8.90%	8.03%	7.60%
Other non-current assets	1.51%	1.18%	3.65%
Total Noncurrent Assets	67.53%	60.32%	59.96%
TOTAL ASSETS	100.00%	100.00%	100.00%
CURRENT LIABILITIES			
Trade accounts payable	1.31%	0.75%	0.70%
Unearned income	3.28%	2.66%	3.30%
Advances from customers	8.74%	5.56%	3.21%
Current maturities of long-term bank loans	1.50%	0.17%	0.00%
Other current liabilities	1.56%	1.32%	1.40%
Total Current Liabilities	16.39%	10.46%	8.61%
NONCURRENT LIABILITIES			
Long-term liabilities	13.42%	19.60%	20.42%
Other noncurrent liabilities	3.68%	3.51%	3.27%
Total Noncurrent Liabilities	17.10%	23.10%	23.69%
TOTAL LIABILITIES	33.49%	33.56%	32.30%
EQUITY			
Equity attributable to owners of the company			
Capital stock	5.92%	5.43%	5.12%
Retained earnings	49.32%	50.00%	51.56%

Other components of equity	0.08%	0.17%	-0.12%
Total equity attributable to owners of the company	55.31%	55.59%	56.56%
Noncontrolling interest	11.20%	10.85%	11.15%
TOTAL EQUITY	66.51%	66.44%	67.70%
TOTAL LIABILITIES AND EQUITY	100.00%	100.00%	100.00%

The table above shows that the percentage of current assets has increased over the past three years. This increase had been contributed by the increase of cash from 10.91% in 2020 to 22.32% in 2021. Then in 2022, it continued to increase up to 24.33%. In addition, short-term inventories were decreasing from year to year and so were the trade accounts receivables. It indicated that the company succeeded in increasing the revenues using cash payments and collecting the receivables from credit customers. In addition, the non-current assets of the company had decreased from 2020 to 2022. It was caused by the decrease in long-term inventories and this decrease might also contributed to the increase of cash and cash equivalents. Moreover, the decrease in non-current assets was also due to the decrease in investment properties and fixed assets over the last 3 years.

The current liabilities of PT Pakuwon Jati Tbk had decreased over the 3 years period. This decrease was caused by the decrease of the majority components of current liabilities, especially the trade accounts payable. The trade accounts payable had decreased from 1.31% in 2020 to 0.75% in 2021, then 0.70% in 2022. This indicated that the company was able to fulfill its obligation to pay off the outstanding balance to the creditors. Meanwhile, the non-current liabilities of the company increased from 17.10% in 2020 to 23.10% then 23.69% in 2022. This was caused by the increase in long-term liabilities, especially the bond payables from year to year.

In terms of company equity, compared to liabilities, the proportion of equity is still greater than liabilities. This showed that the company had good performance as it was financed more from capital than liabilities. The total equity from 2020 to 2022 shows a fairly stable movement. Although it decreased slightly from 66.51% in 2020 to 66.44% in 2021, it continued to increase in 2022 to 67.70%. Moreover, the retained earnings showed a good movement from year to year, indicating that the company was able to generate more revenue from year to year.

For comparison, the percentage computation of PT Ciputra Development Tbk's Statement of Financial Position for 2020-2022 using the common size analysis technique is shown below:

Table 6. Percentage Calculation of Common Size Analysis Technique of PT Ciputra Development Tbk's Statement of Financial Position

PT CIPUTRA DEVELOPMENT TBK			
STATEMENT OF FINANCIAL POSITION			
Per 31 December			
	2020	**2021**	**2022**
CURRENT ASSETS			
Cash and cash equivalents	13.44%	17.61%	21.58%
Trade accounts receivable	6.12%	6.19%	5.20%
Inventories	31.18%	28.47%	27.78%
Other current assets	1.85%	1.63%	1.69%
Total Current Assets	52.59%	53.89%	56.25%

NON-CURRENT ASSETS			
Land for development	19.27%	18.91%	17.69%
Investment Properties	14.07%	13.59%	12.77%
Fixed Asset	6.61%	6.16%	6.13%
Other non-current assets	7.46%	7.45%	7.16%
Total Noncurrent Assets	47.41%	46.11%	43.75%
TOTAL ASSETS	100.00%	100.00%	100.00%
CURRENT LIABILITIES			
Trade accounts payable	2.23%	2.31%	2.07%
Unearned income	0.62%	0.56%	0.52%
Advances from customers	15.81%	17.56%	17.97%
Short-term bank loans	2.02%	0.81%	0.88%
Current maturities of long-term bank loans	6.01%	2.51%	1.22%
Other current liabilities	2.89%	3.21%	3.07%
Total Current Liabilities	29.57%	26.96%	25.73%
NONCURRENT LIABILITIES			
Long-term liabilities	17.51%	20.17%	19.18%
Other noncurrent liabilities	8.45%	5.18%	5.18%
Total Noncurrent Liabilities	25.95%	25.35%	24.36%
TOTAL LIABILITIES	55.53%	52.31%	50.09%
EQUITY			
Equity attributable to owners of the company			
Capital stock	20.91%	20.19%	19.59%
Retained earnings	18.18%	21.42%	24.62%

Other components of equity	-0.03%	0.12%	-0.21%
Total equity attributable to owners of the company	39.06%	41.73%	44.00%
Noncontrolling interest	5.41%	5.96%	5.91%
TOTAL EQUITY	44.47%	47.69%	49.91%
TOTAL LIABILITIES AND EQUITY	100.00%	100.00%	100.00%

Compared to PT Pakuwon Jati Tbk, PT Ciputra Development Tbk's current assets had a greater proportion of total assets. This was due to the high proportion of inventories in the current assets of the company. Furthermore, like PT Pakuwon Jati Tbk, PT Ciputra Development Tbk had steadily raised its cash and cash equivalents, rising from 13.44% in 2020 to 17.61% in 2021. Then this continued to increase to 21.58% in 2022. As the inventories had decreased over the last three years, this indicated that the company was able to turn the inventories into cash, thus indicating the good performance of the company by generating sales revenue.

On the liabilities side, it was clear that the company was financed primarily with liabilities rather than equity. This demonstrated that PT Ciputra Development Tbk relied heavily on borrowed cash to fund its operations and investments, which could indicate a higher level of financial risk. However, total liabilities have dropped over the last three years, indicating that the company is capable of meeting its commitment to pay down the outstanding amount. This demonstrated that PT Ciputra Development Tbk had successfully controlled its debt burden and improved its debt-to-equity ratio, consequently increasing financial stability and lowering total risk exposure. Furthermore, the decrease in total liabilities may indicate that the organization employed effective debt reduction strategies or made improvements in cash flow management. This tendency may improve the company's creditworthiness and boost investor trust in its financial health. Furthermore, a smaller ratio of liabilities to equity may indicate increased profitability and operational efficiency, as the company relies less on external finance to fund its growth plans. The decrease in total liabilities reflected highly on PT Ciputra Development Tbk's financial management methods and demonstrated the company's ability to handle the complexity of the financial markets.

The data showed that the company's retained earnings increased, from 18.18% in 2020 to 21.42% in 2021 and 24.62% in 2022. This increase reflected the company's steady profitability and effective reinvestment of earnings in its operations. It represented a favorable trend of creating surplus income that can be used for future growth, R&D, or debt reduction. The constant increase in retained earnings demonstrated the company's potential to generate long-term profits, boosting investor confidence and displaying strong financial performance.

This rise increased the company's overall equity, making it easier to develop its day-to-day operations. However, because the percentage of total equity was less than the percentage of total liabilities, the company was predominantly financed by debt. This implied that the majority of the company's assets were financed by taking out loans. Such conditions are obviously bad for the organization because excessive debt levels can increase financial risk, decrease flexibility, and strain cash flows, particularly during economic downturns or rising interest rates. Therefore, it becomes imperative for the company to focus on enhancing its equity base through strategies such as retained earnings accumulation, equity financing, or profitable investment decisions to achieve a more sustainable and balanced capital structure.

b. Statement of Profit or Loss

The following was an example of calculating the percentage of the Statement of Profit or Loss for *PT Pakuwon Jati Tbk* and *PT Ciputra Development Tbk* using common size analysis techniques:

Percentage of Cost of Sales 2020 $= \frac{Cost\ of\ Sales}{Sales\ Revenue} \times 100\%$

$= \frac{2{,}036{,}318{,}493}{3{,}977{,}211{,}311} \times 100\%$

$= 51.20\%$

The percentage calculation of the Statement of Profit or Loss of PT Pakuwon Jati Tbk for 2020-2022 using the common size analysis technique was presented below:

Table 7. Percentage Calculation of Common Size Analysis Technique of PT Pakuwon Jati Tbk's Statement of Profit or Loss

PT PAKUWON JATI TBK			
STATEMENT OF PROFIT OR LOSS			
Per 31 December			
	2020	**2021**	**2022**
Revenues	100.00%	100.00%	100.00%
Cost of Revenues	51.20%	51.62%	46.24%
Gross Profit	48.80%	48.38%	53.76%
Selling expenses	-3.30%	-3.27%	-3.29%
General and Administrative expenses	-7.77%	-5.38%	-7.01%
Income from Operation	37.73%	39.73%	43.46%
Finance costs	-7.41%	-6.17%	-5.67%
Interest income	5.09%	2.40%	3.13%

Other income and expenses	-6.51%	-8.58%	-10.19%
Profit before Tax	28.89%	27.38%	30.73%
Income tax expense - net	-0.75%	-0.24%	-0.15%
Profit for the year	28.14%	27.14%	30.58%

The common size analysis shown in the table showed significant changes in several financial parameters over the last three years. It indicated movements in the cost of sales and gross profit margins, which were important measures of operational efficiency and profitability. The cost of revenues increased in 2021, resulting in a lower gross profit than in 2020. This showed that there may be cost management issues or operational inefficiencies during that time period. However, the company was able to address this issue in 2022 by lowering the cost of revenues, which increased the gross profit margin from 48.38% in 2021 to 53.76% in 2022. This improvement indicated the company's determined effort to improve its cost structure and profitability.

Furthermore, the common size analysis highlighted the company's net profit performance during the specified time period. In 2021, the company's net profit margin was its lowest in three years, due to a decrease in interest income and an increase in other expenses. Despite this setback, the company displayed resilience in 2022 by growing interest income to 3.13% and lowering income tax expenses by -0.15%, resulting in a greater net profit margin of 30.58% compared to both 2020 and 2021. This increase in profitability demonstrated the company's ability to respond to changing market conditions and implement successful financial management techniques. In conclusion, the common size analysis provides valuable insights into the company's financial performance trends, indicating its capacity for sustained growth and profitability in the foreseeable future.

For comparison, the percentage computation of PT Ciputra Development Tbk's Statement of Profit or Loss for 2020-2022 using the trend analysis technique is shown below:

Table 8. Percentage Calculation of Common Size Analysis Technique of PT Ciputra Development Tbk's Statement of Profit or Loss

PT CIPUTRA DEVELOPMENT TBK			
STATEMENT OF PROFIT OR LOSS			
Per 31 December			
	2020	**2021**	**2022**
Revenues	100.00%	100.00%	100.00%
Cost of Revenues	48.93%	50.26%	49.95%
Gross Profit	51.07%	49.74%	50.05%
Selling expenses	-4.42%	-3.78%	-4.20%
General and Administrative expenses	-14.45%	-12.10%	-13.77%
Other income and expenses	0.61%	0.75%	1.49%
Income from Operation	32.81%	34.61%	33.57%
Finance costs	-15.30%	-12.85%	-11.72%
Interest income	3.09%	2.45%	2.71%
Equity in net income of associates	-0.04%	0.43%	0.74%
Final tax	-2.87%	-2.67%	-2.74%
Profit before Tax	17.69%	21.96%	22.57%
Income tax expense - net	-0.71%	-0.51%	-0.62%
Profit for the year	16.98%	21.46%	21.95%

The common size study provided useful insights into PT Ciputra Development Tbk's financial performance trends over the last three years. Notably, the gross profit margin varied slightly during this period, with a reduction in 2021 followed by an increase to 49.95% in 2022. This fluctuation could be attributed to various factors such as changes in pricing strategies, cost of goods sold, or shifts in market demand. Despite the brief decrease in 2021, its subsequent growth in 2022 demonstrated the company's strength and adaptability to market forces.

Furthermore, the analysis sheds light on the company's operational effectiveness, specifically its ability to manage operating expenses. In 2021, the company effectively managed its operating expenses, resulting in a higher income from operations than in 2020. However, an increase in operating expenses in 2022 resulted in a slight decline in earnings from operations. Nonetheless, the company took proactive actions to reduce this impact in 2022 by lowering finance costs and increasing interest income, resulting in greater profitability. This strategy demonstrated the company's prudent financial management and capacity to handle obstacles while capitalizing on opportunities to improve its bottom line. Overall, the consistent increase in net profit over the last three years reflected the company's sound strategy in controlling both income and expenses to drive sustained profitability and shareholder value.

4.2.3 Ratio Analysis

Ratio analysis examines line-item data from the financial accounts of a company to provide information about liquidity, solvability, activity, and profitability. By comparing the ratio calculation data for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk from 2020 to 2022, a financial performance analysis was performed.

a. Liquidity Ratio Analysis

Liquidity ratios were used to assess a debtor's capacity to repay current debt obligations without raising external capital. It calculated indicators such as the current ratio, quick ratio, and cash ratio to determine a company's capacity to meet its debt obligations and its margin of safety.

1) Current Ratio

The ability of the company to pay off its short-term obligations with its current assets was determined by calculating the current ratio, as indicated in the graphs below.

Figure 2. Graph Analysis of PWON Current Ratio Movement

From the graph, it can be seen that the current ratio of PT Pakuwon Jati Tbk in 2020, 2021, and 2022 was very good (exceeding 1). This is in accordance with the statement of Palepu et al (2004), which stated that a current ratio exceeding 1 is considered safe and at a good level. In 2020, the current ratio was the lowest over the last three years as an impact of the Covid-19 pandemic and the significant increase of Advances from Customers due to the amendment of PSAK 72, that is, with one of the amendments, revenue is recorded when control is transferred, shifting from percentage of completion to completion. Even though 2020 had the lowest ratios, it was still in a very good range as it was at the point of 1.98, thus greater than 1. Moreover, the company succeeded in increasing the current ratio from year to year due to the decrease in Advances from Customers and also other current liabilities. This indicated that the company had sufficient current assets to pay all current liabilities that would mature in 1 year. The increase in the current ratio over the last three years was also supported by the increase in current assets, especially the cash and cash equivalents, indicating that the company was highly liquid. PT Pakuwon Jati Tbk was well-positioned to continue on its present good trajectory in the coming year due to its proactive financial management methods and good track record of maintaining a favorable current ratio. This highlighted the business's adaptability and resistance to shifting market conditions, establishing it as a steady and dependable participant in its sector.

On the other side, the graph below shows the outcome of calculating PT Ciputra Development's Current Ratio using a related methodology and financial report data.

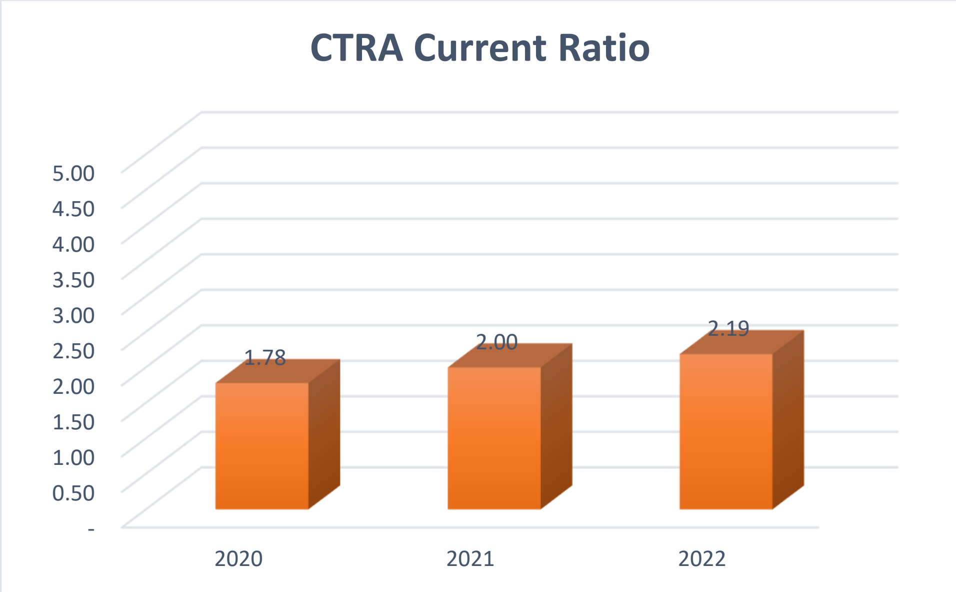

Figure 3. Graph Analysis of CTRA Current Ratio Movement

Over the last three years, PT Ciputra Development Tbk has shown excellent financial management, as seen by the current ratio's consistent improvement. Although slight, the current ratio's steady rise—it exceeded the benchmark of 1 throughout 2020 and 2022—highlighted the business's competent handling of its short-term cash and debt. This trend showed that the company's current assets and liabilities were in a healthy balance, demonstrating that it could satisfy its short-term financial obligations without placing an excessive burden on its long-term assets.

This increase was due to the company's strategic initiatives to reduce the current liabilities from year to year, particularly through the reduction of short-term bank loans. Moreover, the company increased the cash and cash equivalents thus increasing the current assets over three years. The increase in cash and cash equivalents also contributed to the rise of the current ratio of the company. This showed that PT Ciputra Development Tbk was in a good position to manage short-term financial commitments because of its enhanced liquidity, which guaranteed the ability to pay off loans quickly when needed. With this encouraging trend, it is expected that the company's strong financial performance, as seen by its present ratio, will continue into the upcoming fiscal year, demonstrating its persistence and prudent financial management procedures.

As a comparison, the graph below depicts the performance of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk in terms of the Current Ratio from 2020 to 2022.

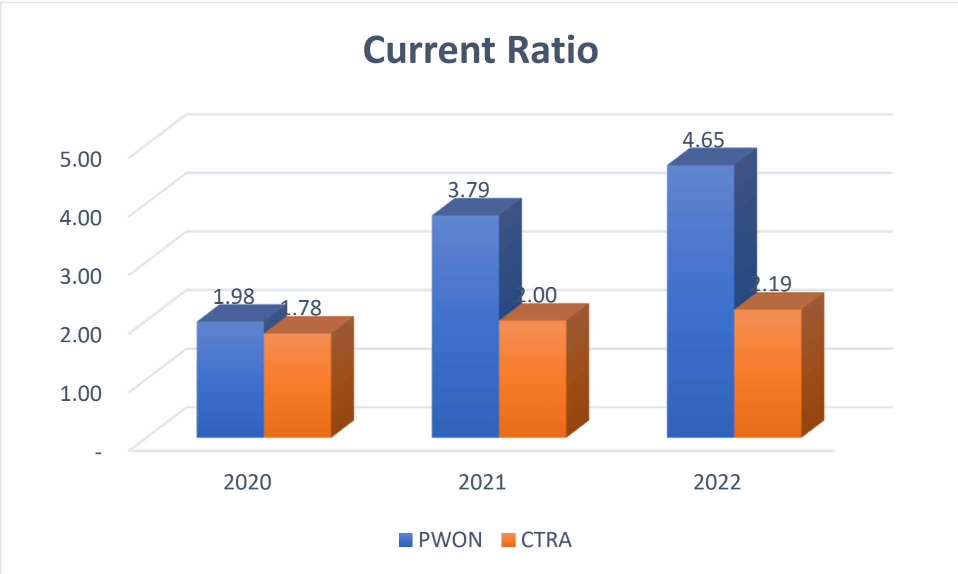

Figure 4. Graph Analysis of Current Ratio Movement of PWON and CTRA over 2020 to 2022.

The comparative analysis of the current ratios of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the past three years revealed notable trends in their liquidity positions. Both companies consistently maintained current ratios exceeding 1, indicating their ability to cover short-term obligations with current assets. According to Gibson (2012), a higher current ratio shows that the firm has a higher capability to face short-term liquidity problems. However, PT

Pakuwon Jati Tbk exhibited a notably higher current ratio compared to PT Ciputra Development Tbk throughout the three-year period. This discrepancy suggested differences in their respective abilities to manage current assets and liabilities effectively.

Because of its strategic initiatives, which have produced notable year-over-year increases, PT Pakuwon Jati Tbk has performed better in terms of the current ratio. Significant reductions in current liabilities were the main factor behind these gains, demonstrating the company's skill in handling its immediate financial obligations. On the other hand, although PT Ciputra Development Tbk also had improvements in its current ratio during that time, the extent of those gains was not as significant as PT Pakuwon Jati Tbk's. This indicated that although both businesses showed improvements in their liquidity positions, PT Pakuwon Jati Tbk showed a more notable and sustained improvement, making it the better performer in terms of growth and stability of the current ratio over the course of the three years.

2) Quick Ratio

The quick ratio demonstrated the company's ability to pay down its short-term debts with its current assets, excluding the inventories. The quick ratio assesses a company's ability to pay its current liabilities without selling inventory or obtaining extra financing.

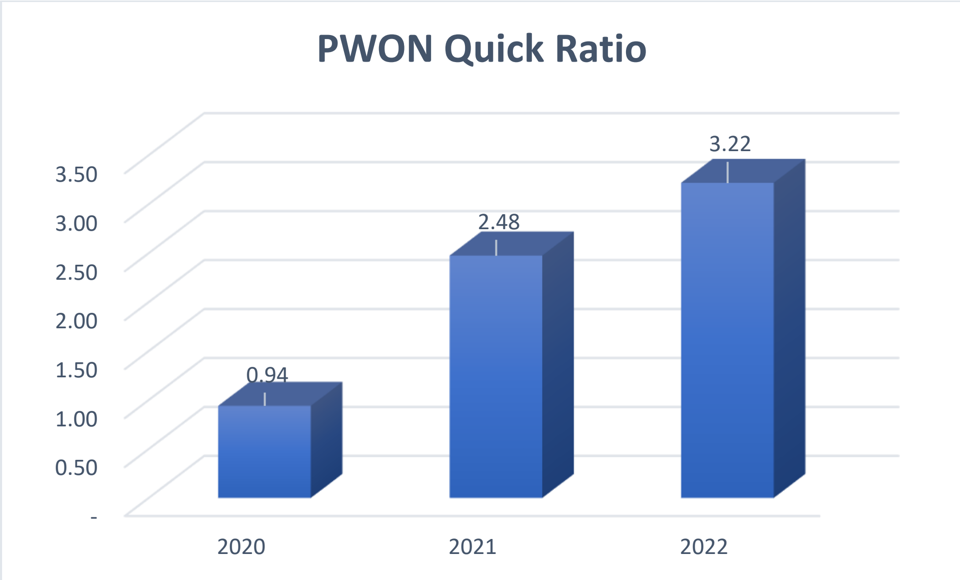

Figure 5. Graph Analysis of PWON Quick Ratio Movement

The graph depicts PT Pakuwon Jati Tbk's significant improvement in its quick ratio over the previous three years. The significant increase recorded in 2021, when the ratio jumped from 0.94 in 2020 to an astonishing 2.48, was especially significant. This impressive gain was driven mostly by growth in cash and cash equivalents, demonstrating the company's improved liquidity position and ability to clear short-term liabilities quickly using its most liquid assets.

Furthermore, the upward trend continued into 2022, with the quick ratio rising to 3.22. This growing trend reflected PT Pakuwon Jati Tbk's continued ability to satisfy its immediate financial obligations by leveraging its highly liquid assets. Such a strong quick ratio not only indicated the company's prudent financial management but also gave stakeholders confidence in its capacity to navigate short-term liquidity issues efficiently. PT Pakuwon Jati Tbk's continual increase in its quick ratio demonstrated its strong financial health and strategic ability to optimize its asset composition for better liquidity management.

Additionally, the quick ratio of PT Ciputra Development Tbk is displayed below.

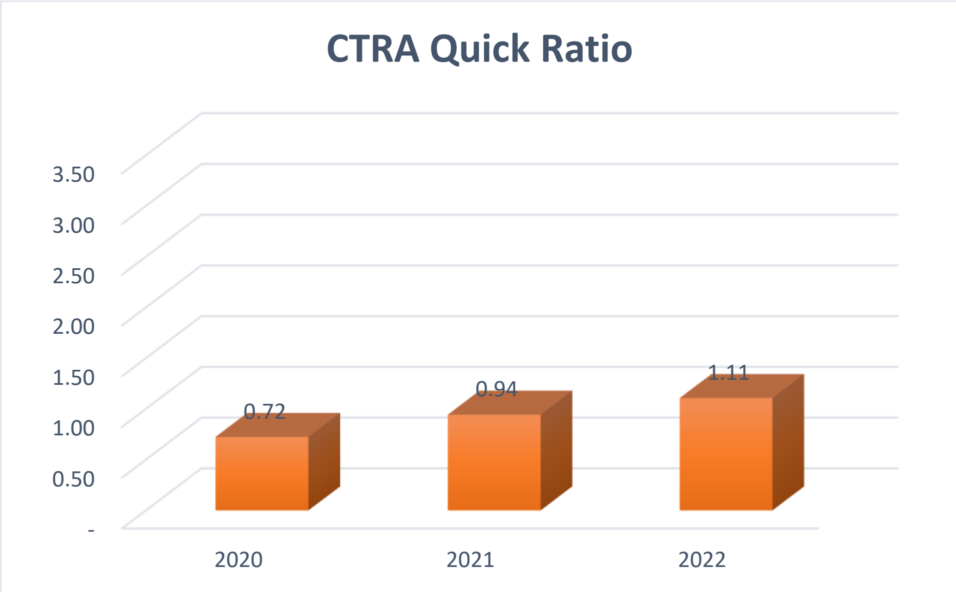

Figure 6. Graph Analysis of CTRA Quick Ratio Movement

The graph above depicts PT Ciputra Development Tbk's gradual increase in its quick ratio from 2020 to 2022. The first outbreak of the Covid-19 pandemic in Indonesia in 2020 created initial difficulty for the firm in satisfying its short-term obligations, as seen by the lowest quick ratio recorded that year. However, the company displayed resilience and adaptation by gradually recovering in succeeding years and enjoying an increase in quick ratios in both 2021 and 2022. While the improvements were small, the constant increasing trend over three years indicated commendable performance and effective liquidity management.

Despite the early challenges caused by the pandemic, PT Ciputra Development Tbk's ability to gradually improve its quick ratio demonstrated a strong response to adversity and a commitment to boosting its financial health. This growing trend reflected the company's proactive approach to managing short-term liquidity issues, as well as its ability to effectively navigate risks. As a result, the consistent improvement in the quick ratio bodes well for PT Ciputra Development Tbk's overall financial health and performance resilience in the face of changing market circumstances.

As a comparison, the graph below depicts the performance of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk in terms of Quick Ratio from 2020 to 2022.

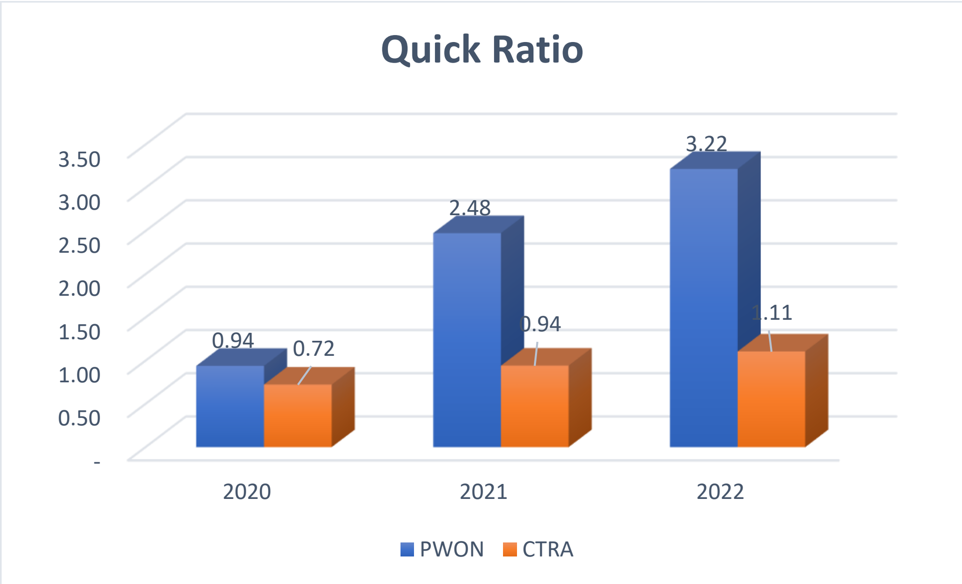

Figure 7. Graph Analysis of PWON and CTRA's Quick Ratio Movement from 2020 to 2022.

When comparing the performance of PT Pakuwon Jati Tbk to PT Ciputra Development Tbk in terms of their Quick Ratio movement over a three-year period, PT Pakuwon Jati Tbk emerged as the stronger performer. In 2020, both companies faced the likelihood that their entire most liquid assets were insufficient to cover their total current liabilities. However, PT Pakuwon Jati Tbk achieved a stunning 164%

improvement in its Quick Ratio, rising from 0.94 to 2.48. This huge improvement enabled PT Pakuwon Jati Tbk to ensure that its current assets (minus inventories) exceeded its current liabilities. In comparison, PT Ciputra Development Tbk's Quick Ratio remained less than one during the same time period. Thus, when it comes to Quick Ratio performance, PT Pakuwon Jati Tbk clearly surpassed PT Ciputra Development Tbk.

3) **Cash Ratio**

The results of the cash ratio below illustrate the company's capacity to meet its short-term obligations with only cash and cash equivalents.

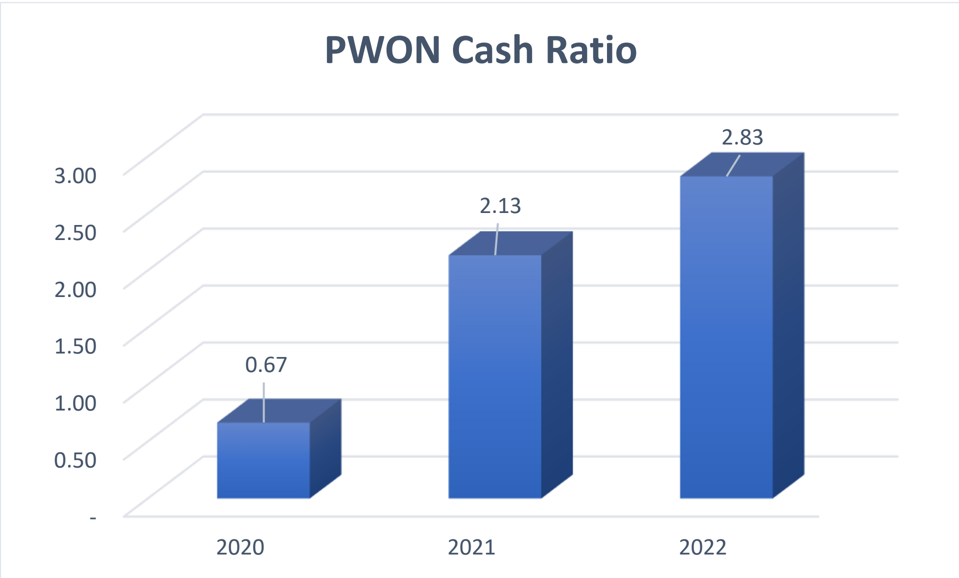

Figure 8. Graph Analysis of PWON Cash Ratio Movement

In 2020, PT Pakuwon Jati Tbk's cash ratio was 0.67 (less than one), demonstrating that the company had less cash and cash equivalents than current liabilities. This shortfall indicated probable difficulties in fulfilling short-term financial obligations. However, the following year, PT Pakuwon Jati Tbk made enormous improvements toward strengthening its cash position, resulting in a large increase in the cash ratio to 2.13. The increase represented a significant improvement, showing that the company had generated enough cash reserves to easily cover its short-term debts.

The growing trend continued into 2022, with PT Pakuwon Jati Tbk's cash ratio increasing to 2.83. The increase was driven by a continuous growth in cash holdings and a decrease in current liabilities, highlighting the company's improved liquidity position and capacity to easily meet immediate financial obligations. Given this good pattern, it is reasonable to expect that PT Pakuwon Jati Tbk's cash ratio will continue to improve in the future year, showing its excellent financial management practices and attention to liquidity management.

Additionally, the cash ratio of PT Ciputra Development Tbk is displayed below.

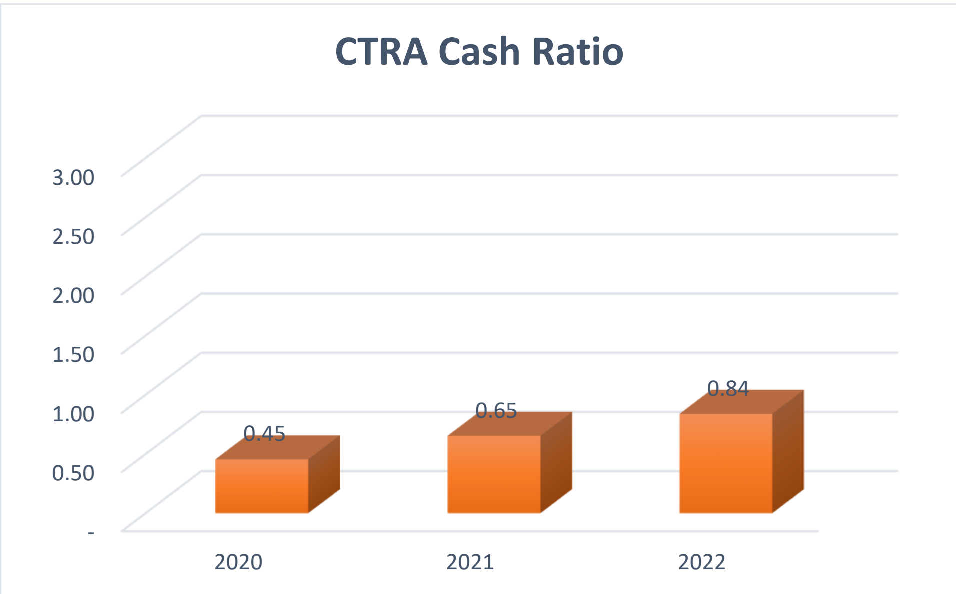

Figure 9. Graph Analysis of CTRA Cash Ratio Movement

Over a period of three years, PT Ciputra Development Tbk continually maintained a cash ratio below one, indicating that the company lacked sufficient cash reserves to service its current liabilities adequately. The shortfall was especially obvious in 2020, with a cash ratio as low as 0.45, a risky condition made worse by the pandemic's beginning. A ratio less than 0.5 is generally regarded as risky, indicating that the company had twice as much short-term debt as cash on hand.

However, in subsequent years, PT Ciputra Development Tbk made progress towards improving its liquidity position. By 2021, the cash ratio had risen to 0.65, with another increase to 0.84 expected in 2022. These advancements represented a remarkable development in the company's cash and cash equivalents, while they remained below the optimal threshold of 1. Nonetheless, the progressive improvement in the cash ratio suggested a favorable trend, improving the company's ability to satisfy short-term obligations with existing cash resources. This demonstrated PT Ciputra Development Tbk's commitment to improving its liquidity position and reducing financial risks over time.

As a comparison, the graph below illustrates the performance of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk in terms of Cash Ratio from 2020 to 2022.

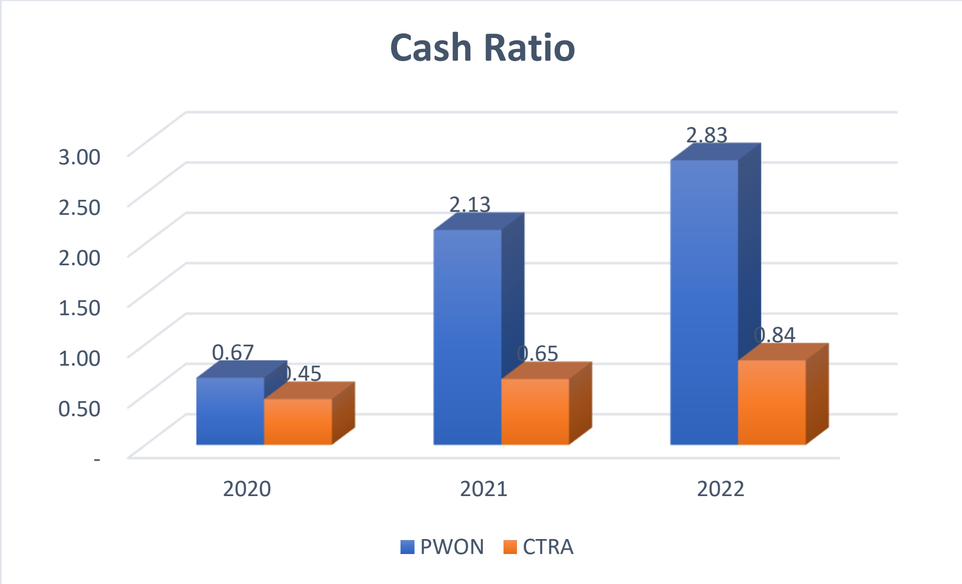

Figure 10. Graph Analysis of Cash Ratio Movement of PWON and CTRA over 2020 to 2022.

The graphical illustration above demonstrates PT Pakuwon Jati Tbk's strong liquidity condition, as evidenced by its cash ratios above 1 in both 2021 and 2022, at 2.13 and 2.83, respectively. This outstanding performance suggested that the company had enough cash and cash equivalents to cover all of its current obligations throughout those periods, demonstrating strong financial health and liquidity management. Notably, the cash and cash equivalents exceeded the total short-term debt, demonstrating PT Pakuwon Jati Tbk's ability to meet its immediate financial obligations.

While PT Ciputra Development Tbk improved its cash ratio over the last two years, it still remained behind PT Pakuwon Jati Tbk. Despite improvements, PT Ciputra Development Tbk's cash ratio remained below one, suggesting that it had a lower proportion of cash and cash equivalents relative to short-term debt than PT Pakuwon Jati Tbk. A cash ratio of 1 indicated that the company could meet all its current liabilities by converting its cash and marketable securities

(Palepu et al., 2004). Therefore, this comparison highlighted PT Pakuwon Jati Tbk's superior liquidity management, establishing it as the stronger performer in ensuring sufficient cash reserves to meet current obligations.

b. Solvability Ratio Analysis

The firm's capacity to pay off its long-term debts and commitments was assessed through the solvability ratio analysis. It is frequently used by both possible bond investors and lenders to assess a company's creditworthiness.

1) Debt to Asset Ratio

The debt-to-asset ratio illustrates the extent to which a business, PT Pakuwon Jati Tbk and PT Ciputra Development Tbk had financed its assets with debt.

Figure 11. Graph Analysis of PWON Debt to Asset Ratio Movement

PT Pakuwon Jati Tbk's debt to total asset ratios showed a notable degree of stability during the three-year period from 2020 to 2022. The percentage had continuously been in the 30 percent range over these years, indicating a steady approach to handling the business's financial obligations. The lowest ratio over the last three years was in 2022, namely 0.32. This number showed that throughout that time, debt was used to fund 32% of the company's assets. This decrease was caused by the increase of the Company's total assets in 2022 by IDR 1,736 billion or 6.01% (yoy), from IDR 28,866 billion in 2021 to IDR 30,602 billion. This was due to operational company performance, as cash and cash equivalents climbed from IDR 6,443 billion last year to IDR 7,444 billion in 2022, as did other financial assets worth IDR 936 billion. The stability shown by the company, along with the continuously low ratios during the three-year period, highlighted its effective financial management strategies and solid footing in navigating the business landscape.

Additionally, the debt-to-asset ratio of PT Ciputra Development Tbk is displayed below.

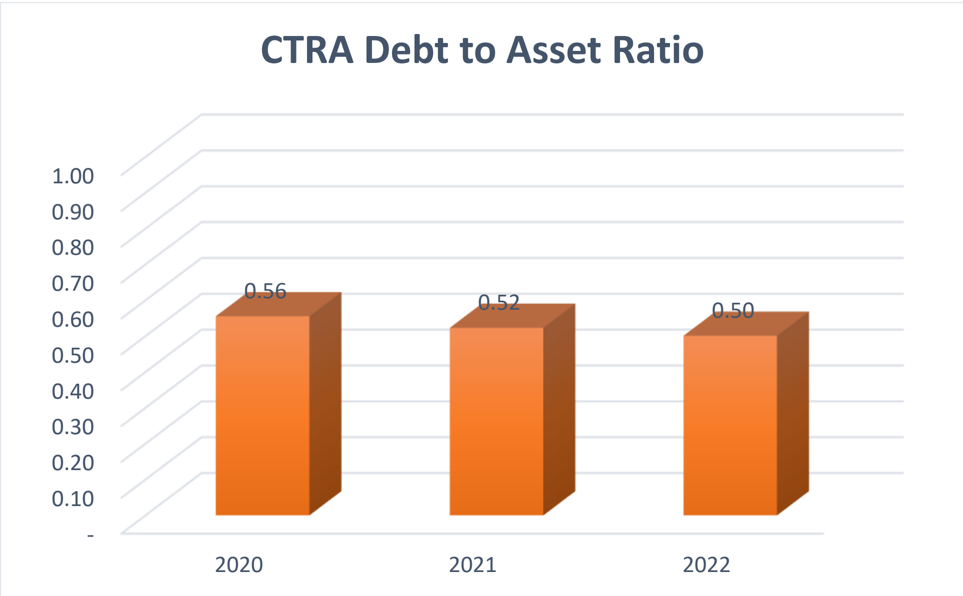

Figure 12. Graph Analysis of CTRA Debt to Asset Ratio Movement

The debt to total asset ratio of PT Ciputra Development Tbk has gradually decreased from year to year. It decreased from 0.56 in 2020 to 0.52 in 2021. Then it continued to drop slightly to 0.50 in 2022. This was a good performance as the company managed to reduce the financing options using financial obligations, especially bank loans. The consistent decrease in the debt to total asset ratio of the company over a three-year period was supported by the decrease of total liability, especially the short-term bank loans, as it decreased by 58% in 2021. Furthermore, the increase in total assets, particularly cash and cash equivalents, played a crucial role, with a notable 36% increase in 2021 and a subsequent 26% increase in 2022. These factors collectively contributed to PT Ciputra Development Tbk's improved financial leverage and strengthened balance sheet position, reflecting the company's sound financial management practices and commitment to prudent debt management strategies.

As a comparison, the graph below shows the debt-to-asset ratio for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

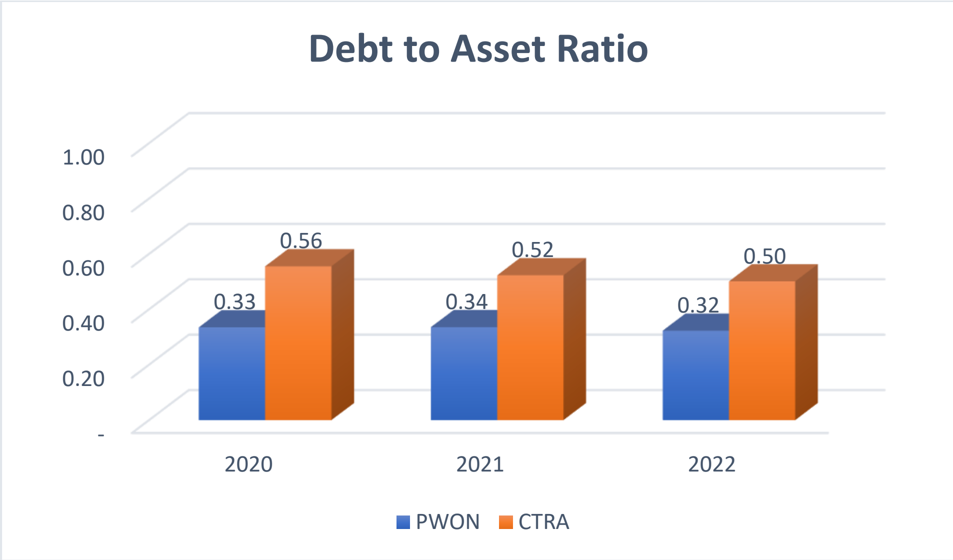

Figure 13. Graph Analysis of Debt to Asset Ratio Movement of PWON and CTRA over 2020 to 2022.

The graph shows that PT Pakuwon Jati Tbk maintained an average debt-to-total asset ratio of 0.33 for three years, from 2020 to 2023. This meant that around 33% of the company's assets were funded with debt. The stronger the company's debt position, the lower this ratio is in terms of long-term debt-paying ability (Gibson, 2012). Furthermore, the constant and relatively low debt ratio indicated that PT Pakuwon Jati Tbk handled its debt obligations wisely, without being overburdened by debt. This favorable ratio positioned the company well for future funding at potentially lower interest rates, showing a strong financial position and stability.

In contrast, PT Ciputra Development Tbk exhibited a more balanced funding structure, with debt and equity financing almost evenly distributed. The data shows that PT Ciputra Development Tbk had a greater debt-to-total asset ratio for the three-year period than PT Pakuwon Jati Tbk. This showed that PT Ciputra Development Tbk depended increasingly on debt to fund its operations and investments.

Despite this, both companies maintained viable financial situations, but with distinct capital structure and debt management techniques.

2) Debt to Equity Ratio

The debt-to-equity ratio calculation resulted in a comparison of liabilities and firm equity, which would later be used for operational purposes.

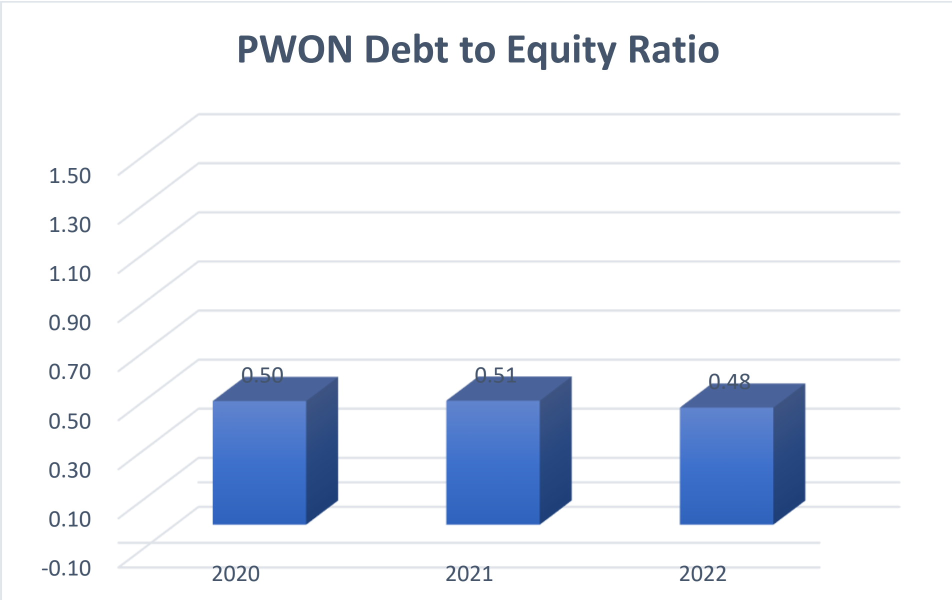

Figure 14. Graph Analysis of PWON Debt to Equity Ratio Movement

The graph above shows that PT Pakuwon Jati Tbk's debt-to-equity ratio remained remarkably constant from 2020 to 2022. In 2021, the debt-to-equity ratio rose slightly to 0.51. This increase was driven by a 47% increase in the company's long-term debt. This meant that the corporation had boosted the funding secured from the creditors.

Furthermore, in 2022, PT Pakuwon Jati Tbk successfully decreased its debt-to-equity ratio to 0.48, indicating improved financial leverage and risk profile. This reduction was mostly due to a 9% increase in retained earnings, which rose from IDR 14,431 billion in 2021 to IDR 15,778 billion in 2022. This upward trend in retained earnings reflected the company's capacity to continually increase net profit over time, demonstrating strong operational performance and sound financial management techniques.

The lower debt-to-equity ratio reflected PT Pakuwon Jati Tbk's stronger financial position and decreased reliance on external finance. A lower debt-to-equity ratio is generally regarded positively by lenders and investors, as it indicates a lower level of financial risk and a higher ability of the company to satisfy its debt obligations. This enhancement demonstrated PT Pakuwon Jati Tbk's commitment to strong capital structure management and increased its appeal to potential investors and creditors.

In addition, the graph analysis of PT Ciputra Development Tbk's debt-to-equity ratio is shown below.

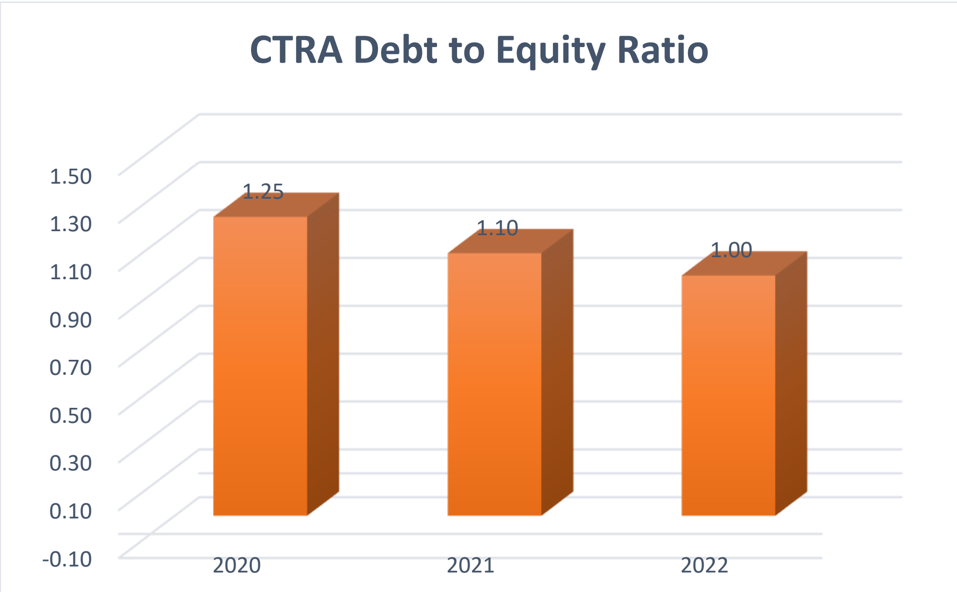

Figure 15. Graph Analysis of CTRA Debt to Equity Ratio Movement

The debt-to-equity ratio shown above measured how much debt PT Ciputra Development Tbk had taken on relative to the value of its assets net of liabilities. Debt must be repaid or refinanced, incurs interest expenses that cannot be delayed, and may damage or destroy equity value in the case of a default.

Over a three-year period, PT Ciputra Development Tbk's debt-to-equity ratio consistently decreased, indicating an improved financial position and reduced reliance on external financing. The decline saw the ratio decrease to 1.10 in 2021 and then to 1.00 in 2022, due mainly to a reduction in total liabilities. This demonstrated the company's ability to successfully manage its financial obligations and pay them off as they become due. Furthermore, the increase in total equity, particularly through the addition of retained earnings, helped to reduce the debt-to-equity ratio, showing the company's ability to create profits and strengthen its financial basis over time.

PT Ciputra Development Tbk maintained an average debt-to-equity ratio of 1.17 between 2020 and 2022. While this ratio indicated that the company's total liabilities exceeded its total equity during this period, PT Ciputra Development Tbk's debt-to-equity ratio had steadily declined over time. This downward trend reflected the company's attempts to improve financial leverage and minimize its reliance on debt financing. As a result, PT Ciputra Development Tbk was better positioned to access future funding, as a lower debt-to-equity ratio typically signals a healthier financial profile and reduced risk perception among investors and lenders.

As a comparison, the graph below shows the debt-to-equity ratio for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

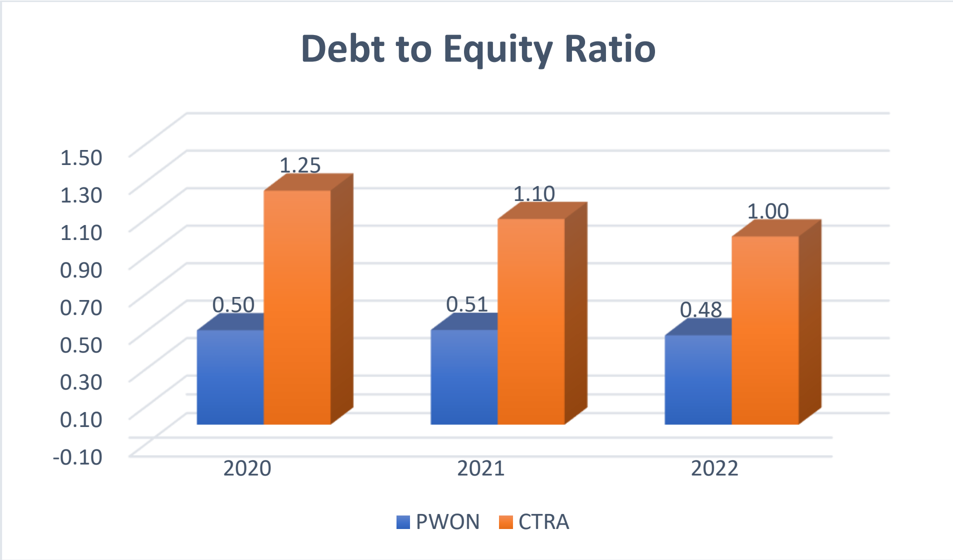

Figure 16. Graph Analysis of Debt to Equity Ratio Movement of PWON and CTRA over 2020 to 2022.

Based on the results above, it can be seen that PT Pakuwon Jati Tbk had a relatively lower debt-to-equity ratio compared to PT Ciputra Development Tbk from 2020 to 2021. Over three years, the average debt-to-equity ratio of PT Pakuwon Jati Tbk was 0.50 which was lower than the ratio of 1.17 of PT Ciputra Development Tbk. A ratio of more than 2 indicates fairly high risk, so PT Pakuwon Jati Tbk and PT Ciputra Development Tbk were still at a safe level. The contrasting debt-to-equity ratios reflected differing approaches to capital structure and financial risk management between the two companies. Similarly to the debt-to-asset ratio, the lower the debt-to-equity ratio is in terms of long-term debt-paying potential, the better the company's debt position (Gibson, 2012). PT Pakuwon Jati Tbk's lower ratio suggested a more conservative approach, with a lesser reliance on debt to fund its operations and investments. In contrast, PT Ciputra Development Tbk's higher ratio indicated a higher proportion of debt in its capital structure, suggesting a greater reliance on borrowed funds to support its business activities.

3) Interest Coverage Ratio

The interest coverage ratio was calculated to see how well PT Pakuwon Jati Tbk and PT Ciputra Development Tbk could pay the interest on outstanding debt by dividing the company's profit before interest and taxes by its interest expense for the 2020-2022 period.

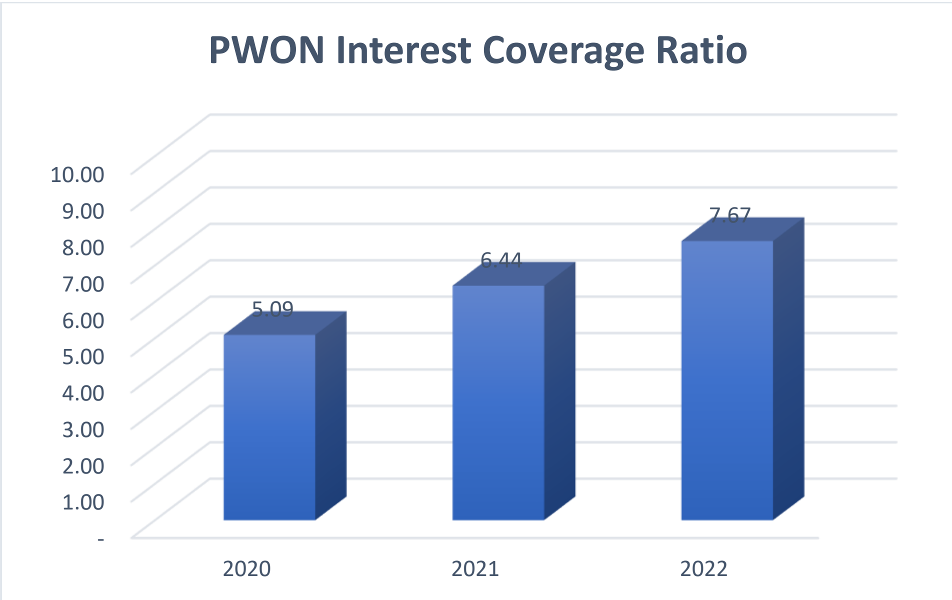

Figure 17. Graph Analysis of PWON Interest Coverage Ratio Movement

PT Pakuwon Jati Tbk had the lowest internet coverage ratio over the course of three years by 2020. This was a significant decrease from 2019, due to a 43% decrease in operating profit during the outbreak of the pandemic. However, in 2021, the company increased its earnings by 51%, so improving its interest coverage ratio. This increase accelerated to 7.67 in 2022, demonstrating that the company's financial health had improved. This showed that the company was more capable of fulfilling interest obligations year after year.

The upward trend in PT Pakuwon Jati Tbk's interest coverage ratio demonstrated the company's improved ability to fulfill its interest obligations over time. This improvement indicated the company's ability to navigate difficult economic situations and adjust its financial strategies to boost performance. The substantial increase in earnings, particularly in 2021 and 2022, contributed significantly to bolstering the interest coverage ratio, signifying improved profitability and financial stability. Ultimately, the steady improvement in the interest coverage ratio demonstrated PT Pakuwon Jati Tbk's better financial position and ability to meet its interest payments consistently over time.

On the other side, the graph analysis of PT Ciputra Development Tbk’s interest coverage ratio is presented below.

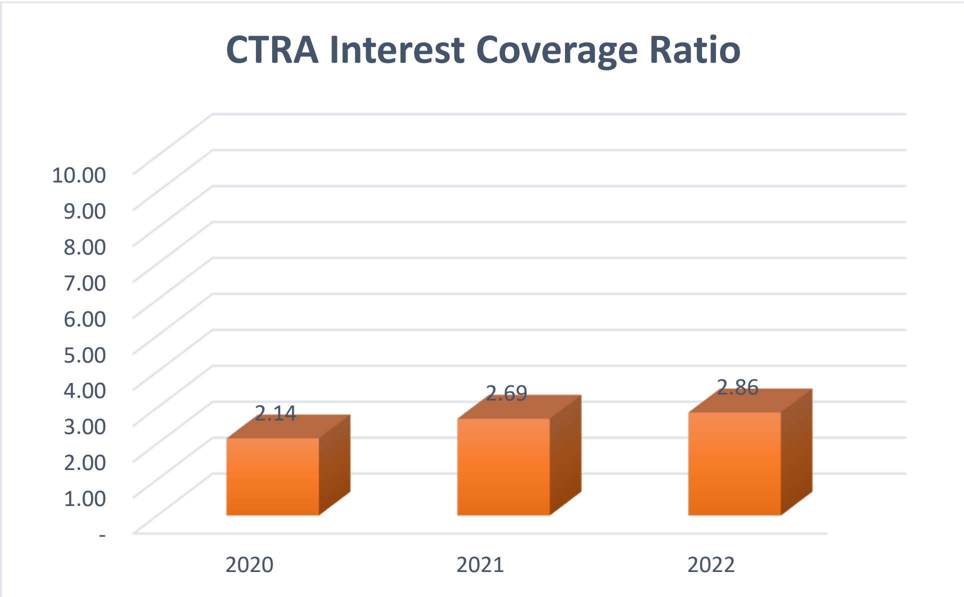

Figure 18. Graph Analysis of CTRA Interest Coverage Ratio Movement

The interest coverage ratio of PT Ciputra Development Tbk has increased gradually from year to year over the last three years. It increased significantly by 26% in 2021 to 2.69. This was due to the increased operating profit for the year. Even though the operating profit of the company was reduced from IDR3,367 billion in 2021 to IDR3,063 billion in 2022, the interest coverage ratio could still increase by 6% due to the decline in finance costs of the company. The average interest coverage ratio of PT Ciputra Development Tbk was 2.57 over the period of 2020 to 2022, thus it was above a minimum acceptable ratio of 1.5. Moreover, the graph above shows an upward trend from year to year. This was considered good for the company as it indicated that the company's risk for default may be perceived as low so the lenders will likely accept to lend the company more money.

As a comparison, the graph below shows the interest coverage ratio movement between PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over a three-year period.

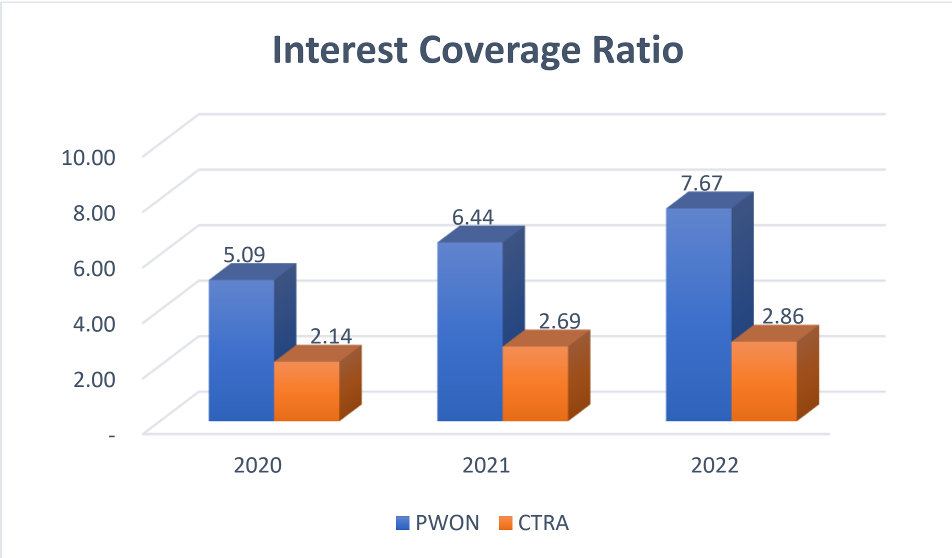

Figure 19. Graph Analysis of Interest Coverage Ratio Movement of PWON and CTRA over 2020 to 2022.

From the data above, it can be seen that the interest coverage ratio for both PT Pakuwon Jati Tbk and PT Ciputra Development Tbk had increased from year to year. Over a three-year period, PT Pakuwon Jati

Tbk had an average interest coverage ratio of 6.40 while PT Ciputra Development Tbk had an average interest coverage ratio of 2.57. Both companies had an average ratio above two, indicating that both companies were able to service the interest on their debts using their earnings or demonstrated the ability to maintain revenues at a fairly steady level.

However, when compared, PT Pakuwon Jati Tbk's interest coverage ratio was at a point far above PT Ciputra Development Tbk's ratio. From the point of view of analysts and investors, the higher the interest coverage ratio, the better the performance of a company (Palepu et al., 2004). Therefore, PT Pakuwon Jati Tbk could be said to be better in this regard.

c. Activity Ratio Analysis

An activity ratio below was used to help investors and analysts gauge how efficiently a company used its assets to generate revenues and cash. In this research, the activity ratios have been broken down into the following sub-categories, such as total asset turnover ratio, receivables collection period, payables payment period, and inventory holding period.

1) Total Asset Turnover Ratio

The total assets turnover ratio assessed how efficiently PT Pakuwon Jati Tbk and PT Ciputra Development Tbk used their assets when making a sale. To calculate how well a company used its assets, total sales were divided by total assets. Lower ratios could mean that a business is having trouble selling its goods.

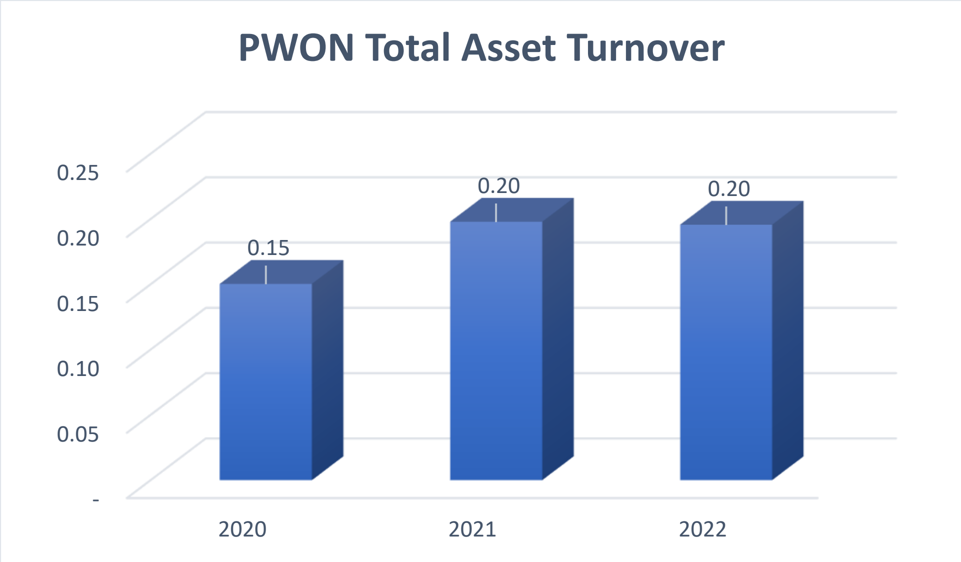

Figure 20. Graph Analysis of PWON Total Asset Turnover Ratio Movement

The results of the total asset turnover calculation illustrate how effectively a company was in utilizing all of its assets toward sales conversions. The data above shows that the total asset turnover ratio of PT Pakuwon Jati Tbk was getting higher from year to year. However, the lowest ratio was in 2020 by the point of 0.15. There was a decrease in the Total Assets Turnover ratio of PWON in 2020 by 53% due to the decrease in sales revenue by 55%. This decline showed that there was a decrease in the efficiency of the company in using its assets to generate income. This downturn highlighted potential inefficiencies in asset utilization during a challenging period, possibly influenced by external factors such as the economic downturn caused by the pandemic.

In 2021, although assets tended to increase by 9% from IDR26,458 billion to IDR28,866 billion, this increase was also accompanied by an increase in sales revenue of 44%, thereby boosting the increase in Total Asset Turnover this year. This indicated higher asset utilization efficiency and more effective asset conversion into sales. Despite maintaining the same total asset turnover ratio in 2022, the company's operational efficiency remained stable, indicating a continuous ability to generate revenue from its asset base.

Additionally, the total asset turnover ratio of PT Ciputra Development Tbk is displayed below.

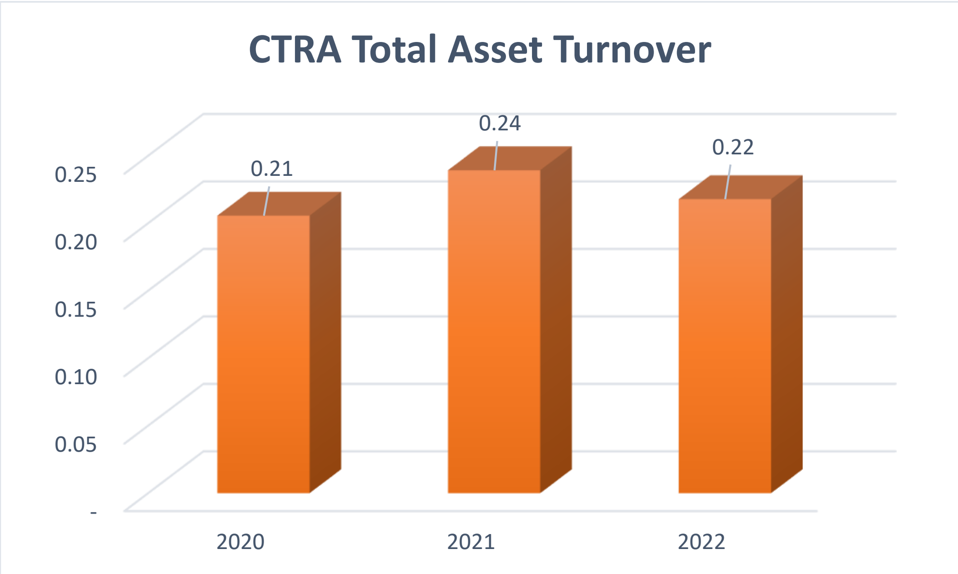

Figure 21. Graph Analysis of CTRA Total Asset Turnover Ratio Movement

PT Ciputra Development Tbk's ratio fluctuated over the three-year period 2020-2022. Notably, the total asset turnover ratio increased by 16% between 2020 and 2021, from 0.21 to 0.24. The rise was driven by a 21% increase in sales, from IDR 8,070 billion in 2020 to IDR 9,729 billion in 2021. This increase revealed that PT Ciputra Development Tbk was able to earn more revenue per rupiah invested in its assets, showing greater asset utilization efficiency and revenue production capacity.

However, the total asset turnover ratio fell to 0.22 in 2022, representing an 8% fall from the previous year. This decline was primarily driven by a 6% decrease in revenue over the same time. The lower total asset turnover ratio indicated a decrease in the company's efficiency in generating income from its assets. Such changes highlighted the need to regularly monitor operational performance and implement strategic steps to improve asset utilization and revenue generation. PT Ciputra Development Tbk will need to maintain or improve its total asset turnover ratio in order to improve operational efficiency and maximize income possibilities in the future.

As a comparison, the graph below shows the total asset turnover ratio for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

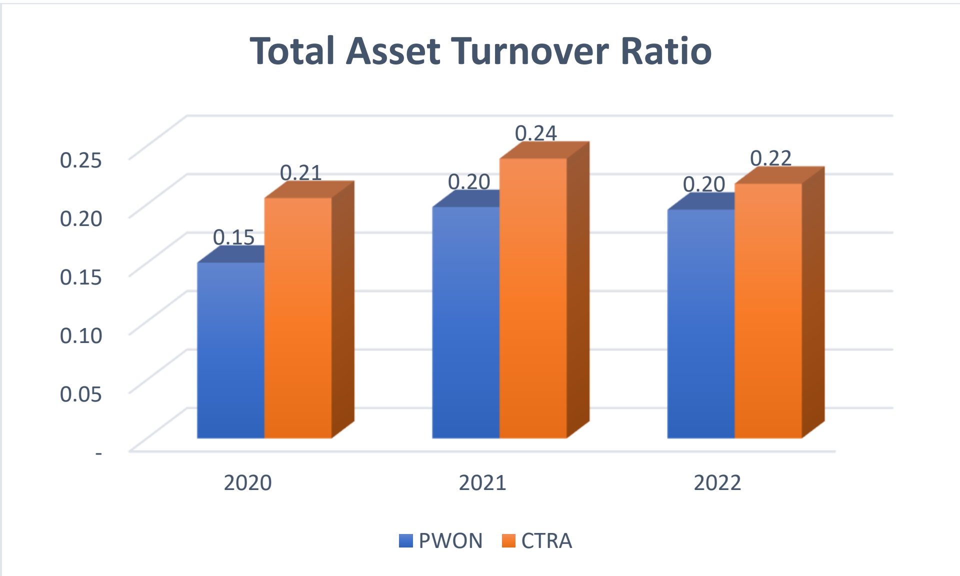

Figure 22. Graph Analysis of Total Asset Turnover Ratio Movement of PWON and CTRA over 2020 to 2022.

The illustration above shows that both PT Pakuwon Jati Tbk and PT Ciputra Development Tbk had an average total asset turnover ratio below 1 over a three-year period. Given their large asset bases, it became logical that these businesses would slowly turn over their assets through sales.

The total asset turnover ratio is an important indicator for determining how efficiently a corporation uses its assets to produce income. Over the three-year period 2020-2022, PT Pakuwon Jati Tbk had an average total asset turnover ratio of 0.18, while PT Ciputra Development Tbk had a higher average ratio of 0.22. It also indicated that PT Ciputra Development Tbk was more efficient in generating revenue from its assets than PT Pakuwon Jati Tbk.

An organization's efficiency in earning revenue from its assets is indicated by a greater asset turnover ratio (Palepu et al., 2004). A higher total asset turnover ratio indicated that PT Ciputra Development Tbk was more efficient at converting its assets into revenue or sales. This efficiency was indicative of greater operational performance and resource management within the organization. The considerably lower average total asset turnover ratio of PT Pakuwon Jati Tbk may indicate possible prospects for improving asset utilization and revenue generation methods. PT Pakuwon Jati Tbk could improve its overall financial performance by focusing on improving operational efficiency and asset utilization.

2) Receivable Days

The term "receivables collection period" describes how long it takes a company to get payments from its customers for accounts receivable. It is a crucial number for businesses that significantly depend on receivables for their cash flows, since it indicates how well a company is managing its accounts receivable.

The changes in receivables collection period over the year could be caused by many factors, one of which was the change of sales, and the changes of accounts receivables. The change of credit policy of the company could also be a factor in the receivables collection period movement from year to year.

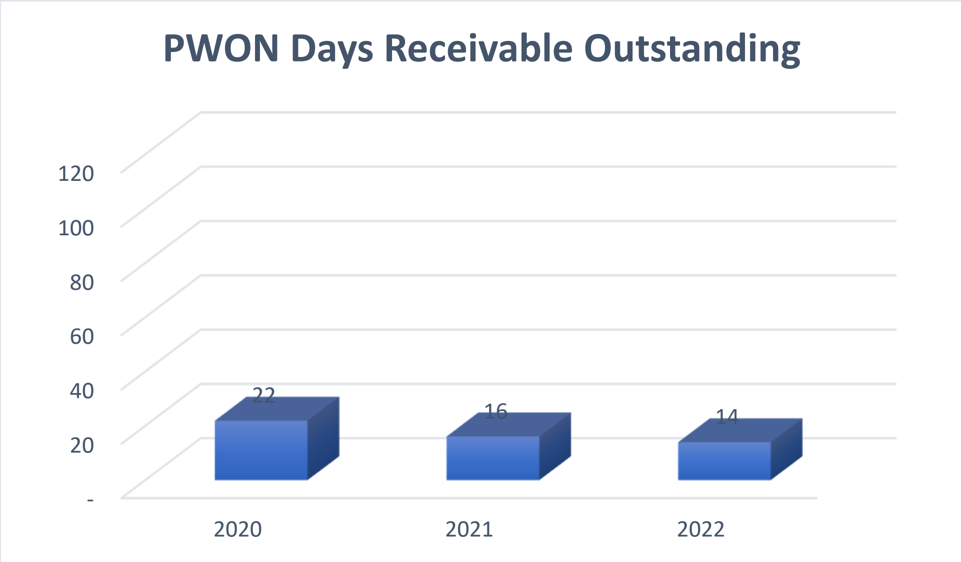

Figure 23. Graph Analysis of PWON Receivable Days Movement

In the case of PT Pakuwon Jati Tbk, the graph shows a constant decrease in the receivable collection period over 2020-2022. Specifically, the period of time decreased from 22 days in 2020 to 16 days in 2021, and then to 14 days in 2022. This downward trend indicated that PT Pakuwon Jati Tbk greatly improved its ability to collect and manage receivables during a three-year period.

With an average receivable collection period of 17 days, PT Pakuwon Jati Tbk showed a comparatively short turnaround time for collecting trade receivables. This indicated the corporation effectively turned credit sales into cash or bank funds, allowing for faster reinvestment in operational activities. A shorter receivable collection period increased liquidity while also lowering the risk of bad debts and improving cash flow management. PT Pakuwon Jati Tbk's ability to regularly reduce receivable collection periods demonstrated good receivables management procedures, which contributed to overall financial health and operational efficiency.

Additionally, the graph below presents the receivable day's movement of PT Ciputra Development Tbk for the 2020 to 2022 period.

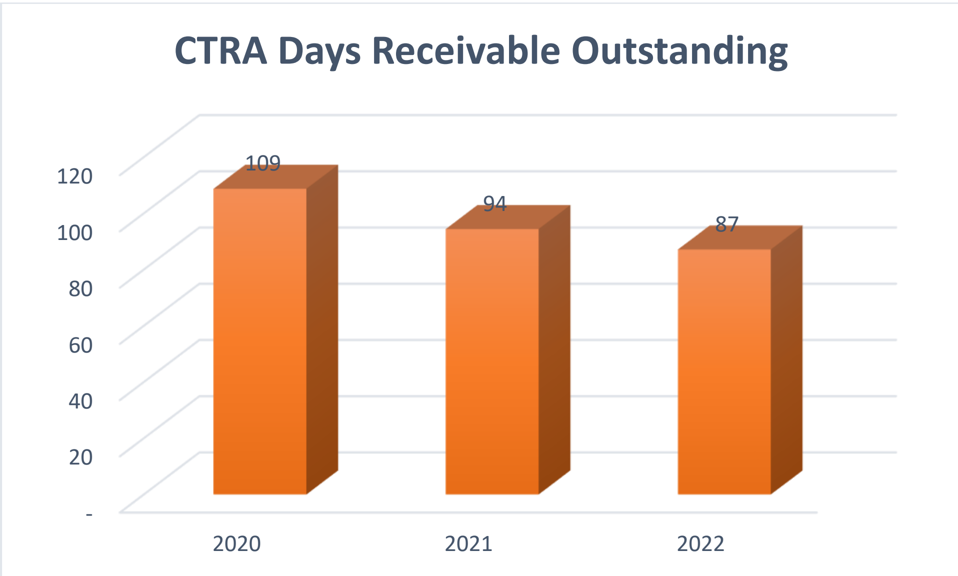

Figure 24. Graph Analysis of CTRA Receivable Days Movement

The receivables collection period, as shown in the graph, shows a significant decrease tendency for PT Ciputra Development Tbk for the three-year period 2020–2022. The period began at 109 days in 2020, declined to 94 days in 2021, and then to 87 days in 2022. The decrease in receivables days demonstrated a significant improvement in the company's ability to manage its accounts receivable.

A decrease in receivables days could be due to a number of causes, including an increase in sales revenue, which is expected to rise by 21% in 2021. This increase in sales likely resulted in a more rapid conversion of credit sales into cash or bank funds, shortening the average receivables collection period. Additionally, the decrease in receivables days in 2022, despite a decline in accounts receivables, demonstrated that PT Ciputra Development Tbk successfully executed excellent accounts receivable management techniques, leading to increased efficiency and cash flow management.

Ultimately, the decline in receivables collection periods reflected PT Ciputra Development Tbk's commitment to improving operational efficiency and financial performance. By efficiently managing accounts receivable, the company can increase liquidity, reduce the risk of bad debts, and strengthen cash flow, thus contributing to long-term growth and profitability.

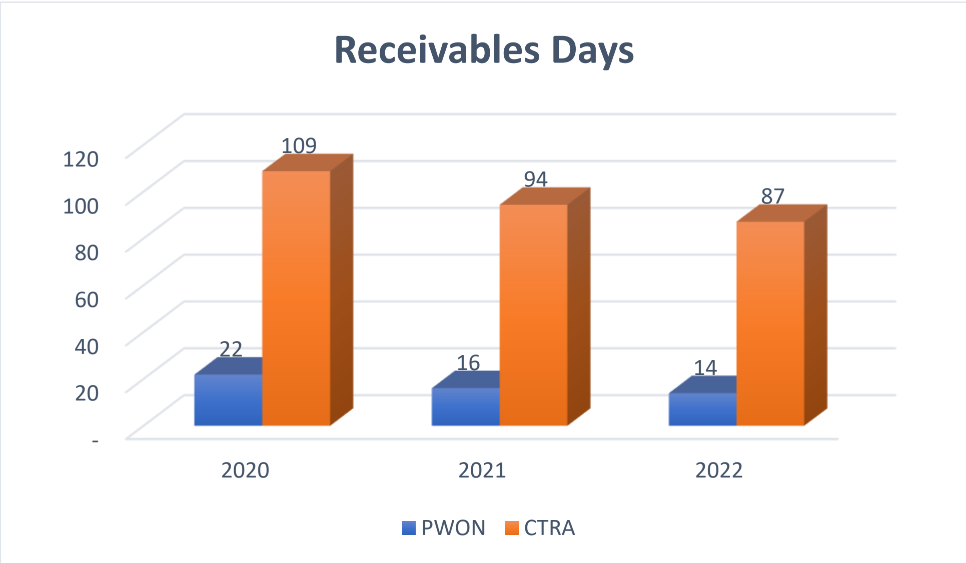

Figure 25. Graph Analysis of Receivable Days Movement of PWON and CTRA over 2020 to 2022.

A comparison of receivable days movement between PT Pakuwon Jati Tbk and PT Ciputra Development Tbk demonstrates significant developments in their accounts receivable management methods during the three-year period 2020-2022. Both companies' receivable collection periods decreased, indicating that they were becoming more efficient at collecting payments from credit consumers each year. This is supported by prior research, stating that the downward pattern indicated improved accounts receivable management for both companies, which can lead to better liquidity and cash flow (Palepu et al., 2004).

Despite a similar falling tendency, there was a significant variation in the receivable day's performance of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk. PT Pakuwon Jati Tbk had an average receivable day of 17 days, whereas PT Ciputra Development Tbk had a significantly higher average of 97 days. This significant difference showed that PT Pakuwon Jati Tbk performed better than PT Ciputra Development Tbk in terms of credit policy management and receivables collection efficiency. PT Pakuwon Jati Tbk had a shorter receivable collection period, reducing the risk of bad debts and ensuring a consistent cash flow, contributing to its financial stability and operational efficiency.

3) Payable Days

The payables payment period or payables days computed the average number of days a company needs to pay its bills and obligations. This was calculated by dividing its accounts payable by its sales. This showed the company’s ability to meet its short-term obligations.

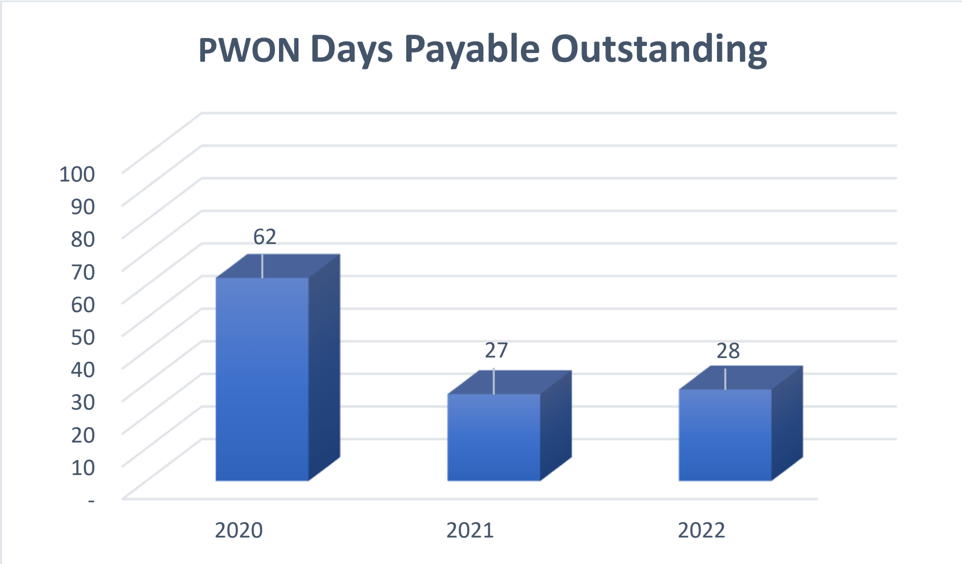

Figure 26. Graph Analysis of PWON Payable Days Movement

The data shows that PT Pakuwon Jati Tbk's payables payment period was significantly reduced during a two-year period, from 2020 to 2021. This decline was particularly high with a 57% decrease from 62 days in 2020 to 27 days in 2021. The key driver of this decline was a 38% reduction in accounts payable in 2021. Furthermore, the 45% increase in revenue costs in the same year contributed to the company requiring less time to pay off its business debts or accounts payable. This improvement suggested increased efficiency in payables management and had a beneficial impact on the company's financial health.

However, despite the slight increase in payable days to 28 days in 2022, the overall trend remained stable and within a normal range. This suggested that PT Pakuwon Jati Tbk had managed to maintain its effectiveness in paying off its obligations, albeit with a minor deviation from the previous year's performance. The capacity to successfully handle payables on a consistent basis is critical for maintaining strong supplier relationships, optimizing cash flow, and ensuring business operations run smoothly. PT Pakuwon Jati Tbk's demonstrated ability to shorten payables payment periods reflected positively on its financial management practices and contributed to overall operational efficiency and stability.

The graph below presents the payable day's movement of PT Ciputra Development Tbk for the period of 2020 to 2022.

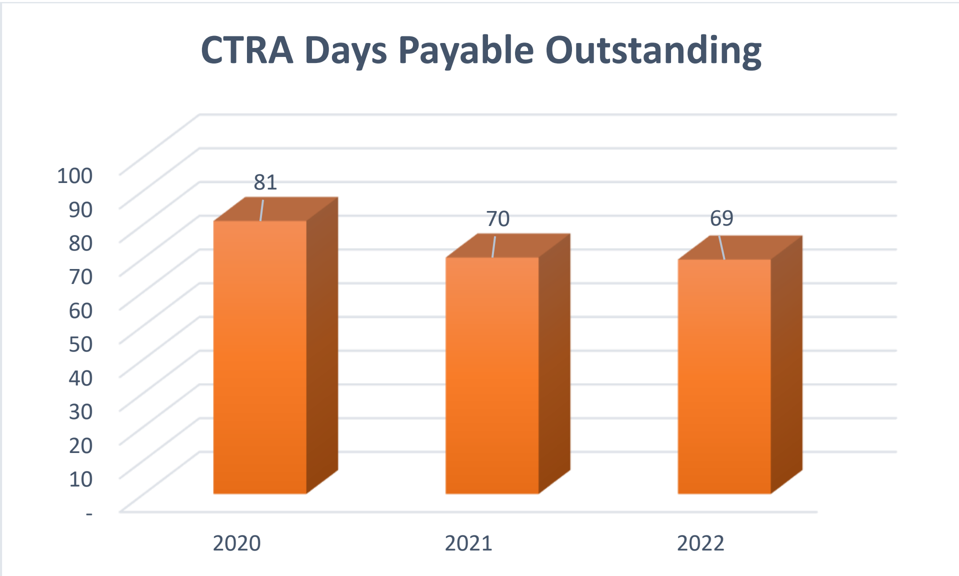

Figure 27. Graph Analysis of CTRA Payable Days Movement

The graph above shows that the days payable outstanding of PT Ciputra Development Tbk also decreased from year to year. In 2021, the payables payment period decreased from 81 days to 70 days. This was due to the increase of the cost of revenue by 24% from IDR3,949 billion in 2020 to IDR4,889 billion in 2021. Then it continued to decrease slightly to 69 days in 2022 due to the decrease of payables by 8%.

The downward trend in the payable payment period suggested that PT Ciputra Development Tbk had efficiently managed its financial obligations by settling its payables on time. This not only maintained seamless and long-term company operations, but also promoted positive supplier relationships. Paying suppliers on time is critical for preserving trust and reliability in the supply chain, which can lead to better terms, discounts, and other benefits for the company.

As a comparison, the graph below presents the movement of the payables payment period for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

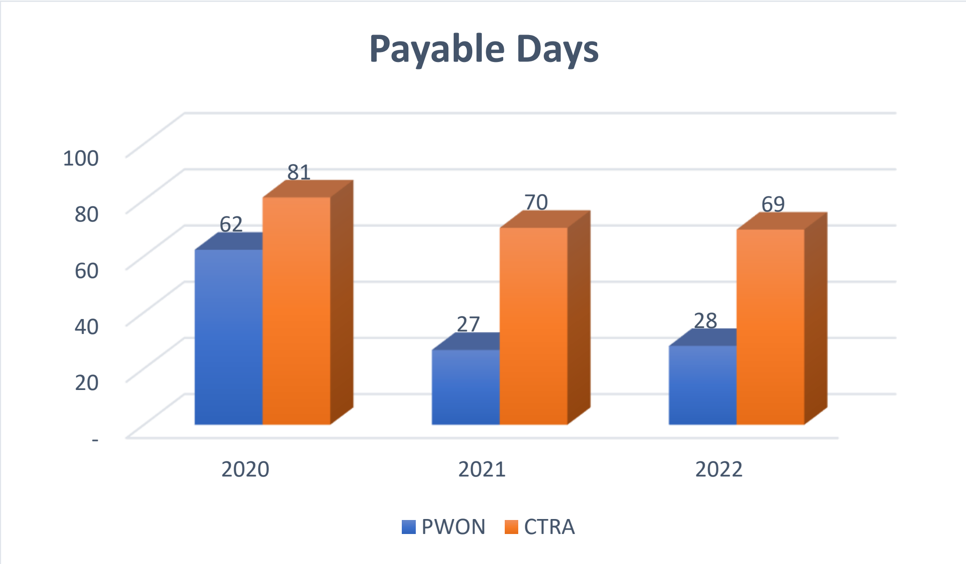

Figure 28. Graph Analysis of Payable Days Movement of PWON and CTRA over 2020 to 2022.

The graph above reveals notable differences in PT Pakuwon Jati Tbk's and PT Ciputra Development Tbk's payables payment periods over the period from 2020 to 2022. More specifically, over this period, PT Pakuwon Jati Tbk continuously maintained its payables payment period shorter than PT Ciputra Development Tbk. This showed that in comparison to PT Ciputra Development Tbk, PT Pakuwon Jati Tbk was able to fulfill its obligations to suppliers more quickly.

The shorter payable payment period indicated effective payable management by the company (Bergevin, 2001). Effective payables management demonstrated the management of PT Pakuwon Jati Tbk's competence in preserving cash flow and financial liquidity. On top of ensuring the seamless operation of the supply chain, timely payments to suppliers also helped to build strong bonds with them. PT Pakuwon Jati Tbk may have been able to negotiate advantageous terms and discounts with its suppliers, further boosting its financial health and operational efficiency, by proving its dependability in fulfilling its payment obligations.

PT Pakuwon Jati Tbk's shorter payables payment period than PT Ciputra Development Tbk highlighted the former's skillful resource management and commitment to upholding good supplier connections. This was encouraging for the overall financial stability and operational effectiveness of PT Pakuwon Jati Tbk.

4) Inventory Days

The inventory holding period represented the average number of days it takes for a corporation to convert its inventory, including work-in-process products, into sales.

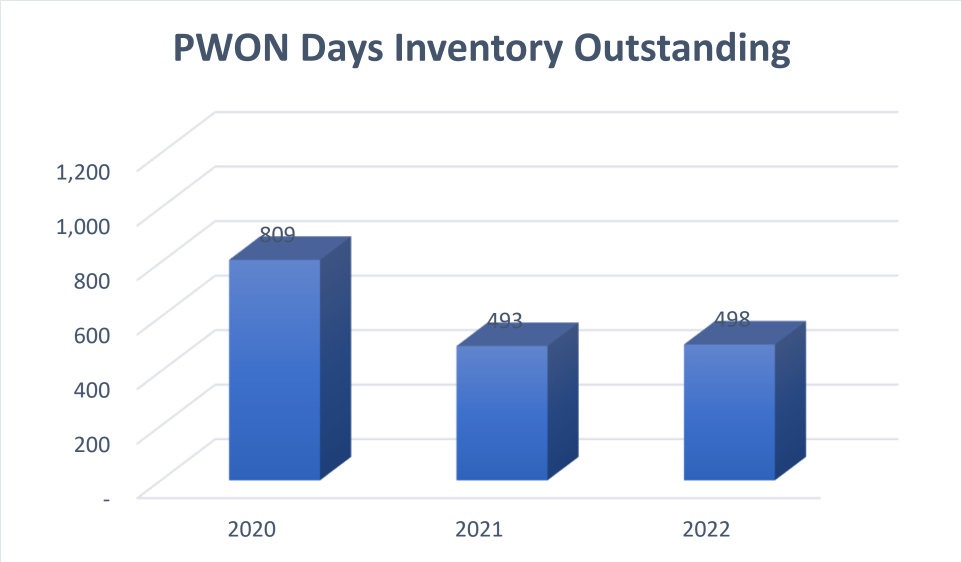

Figure 29. Graph Analysis of PWON Inventory Days Movement

The graph above depicts the inventory holding period performance of PT Pakuwon Jati Tbk over three years. In 2020, the inventory holding period increased significantly, due primarily to the challenges resulting from the Covid-19 epidemic. However, the company quickly responded by introducing initiatives to improve its inventory management processes. As a result, PT Pakuwon Jati Tbk successfully decreased its inventory holding period from 809 days in 2020 to 493 days in 2021.

This significant reduction in inventory holding duration was principally caused by two key variables. Firstly, the cost of revenue increased by 45% in 2021, indicating increased sales activity and turnover. Furthermore, the company managed to reduce its inventory levels by 12%, which contributed to the decrease in the inventory holding period. This development indicated that PT Pakuwon Jati Tbk was able to sell its inventory more efficiently and quickly, resulting in higher profits. The decrease in the inventory holding period indicated the company's proactive approach to inventory management and ability to adjust to changing market conditions, resulting in improved financial performance.

In addition, the inventory holding period movement of PT Ciputra Development Tbk for 2020 to 2022 is shown below.

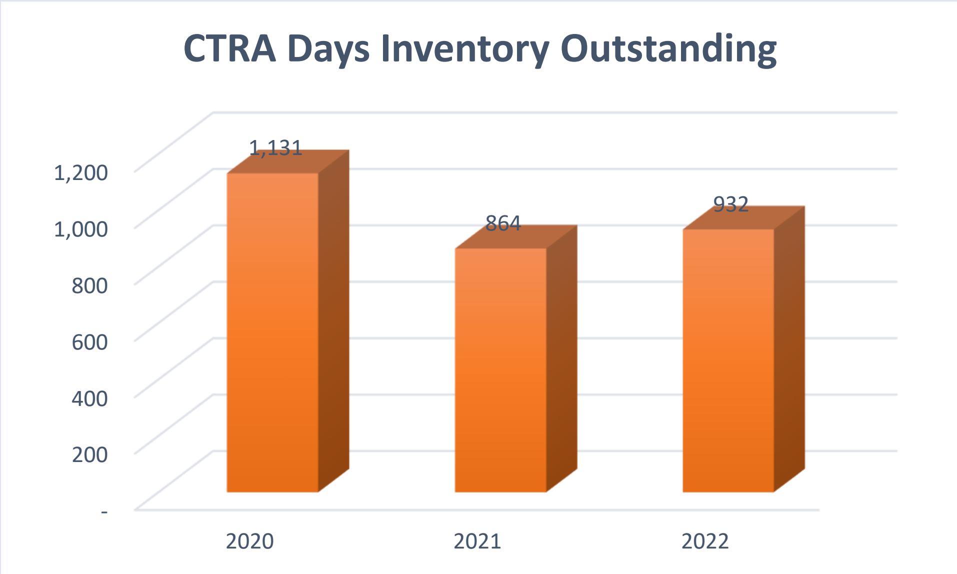

Figure 30. Graph Analysis of CTRA Inventory Days Movement

The data provided shows that PT Ciputra Development Tbk's inventory holding period fluctuated significantly over a three-year period. In 2020, the inventory holding period reached a record-breaking 1,131 days. This increase could be caused by the start of the Covid-19 pandemic, which reduced customer demand for real estate transactions. However, the company implemented initiatives to address this issue, reducing the inventory holding duration to 864 days in 2021. This improvement was obtained by combining a 5% reduction in inventory levels with a 24% increase in revenue costs.

Despite the early improvement, the inventory holding period reached to 932 days in 2022. This increase can be attributable to a 7%

decrease in the cost of revenues, which was principally driven by a decline in sales revenue for the year. This indicated that, while PT Ciputra Development Tbk made progress in optimizing its inventory management in 2021, external factors such as sales revenue volatility remained to influence its inventory holding period. Overall, the company's inventory holding period remained slightly long when compared to industry standards, highlighting the necessity for continued efforts to improve inventory management efficiency and respond to changing market conditions.

As a comparison, the graph below illustrates the movement of the inventory holding period for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

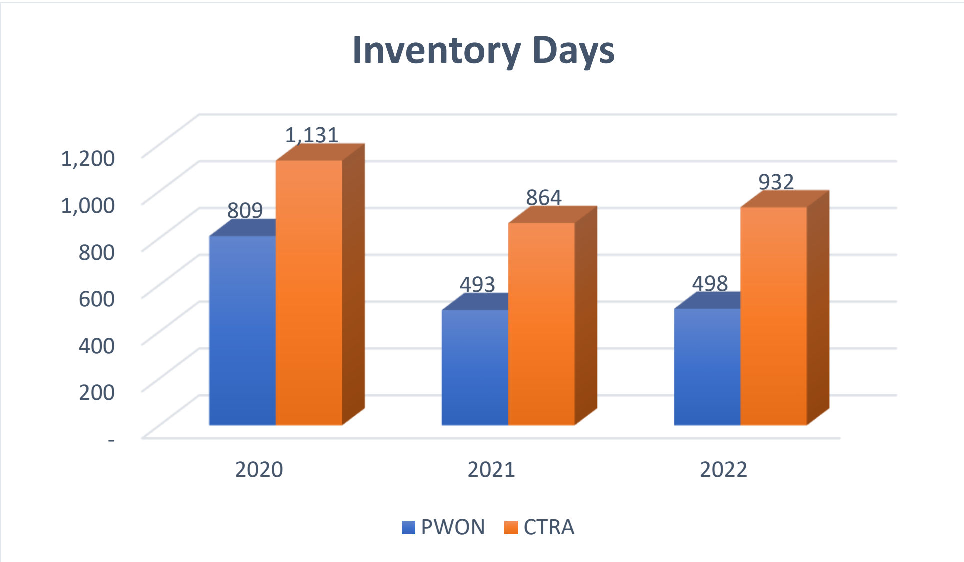

Figure 31. Graph Analysis of Inventory Days Movement of PWON and CTRA over 2020 to 2022.

According to Prihadi (2019), the shorter the inventory holding period, the better the company's management in converting its inventory into sales. Based on the graph above, the average inventory holding periods of PT Pakuwon Jati Tbk and PT Ciputra Development

Tbk for the three-year period 2020-2022 showed significant differences in their inventory management procedures. PT Pakuwon Jati Tbk had an average inventory holding duration of 600 days, which was much shorter than the average of 976 days seen at PT Ciputra Development Tbk. This discrepancy suggested that PT Pakuwon Jati Tbk was more successful at quickly turning over inventories, implying a better level of operational efficiency and potentially greater profitability. In contrast, PT Ciputra Development Tbk's longer inventory holding period indicated that the company may have difficulty with inventory turnover, resulting in extended periods of inventory holding and perhaps tying up money unnecessarily.

A lower inventory holding period for PT Pakuwon Jati Tbk indicated that the company was able to quickly convert its inventory into sales, lowering the risk of inventory obsolescence while increasing revenue growth. This showed that PT Pakuwon Jati Tbk's inventory management techniques were more agile and responsive, allowing them to better adjust to changes in market demand. On the other hand, PT Ciputra Development Tbk's longer inventory holding period could imply inefficiencies in inventory management, perhaps leading to increased carrying costs and less liquidity. Addressing these inefficiencies could help PT Ciputra Development Tbk improve its operational performance and market competitiveness.

d. Profitability Ratio Analysis

Profitability ratios were used to evaluate a company's ability to create earnings compared to its sales, operational costs, balance sheet assets, or shareholders' equity over time, based on data from a certain point in time. In this computation, profitability ratios can provide insight into a company's financial performance and health.

1) Gross Profit Margin

The gross profit margin was calculated to determine the profitability of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk by calculating the proportion of revenue remaining after deducting the cost of goods sold (COGS). The computation involved deducting COGS from the total revenue and dividing the resulting amount by the entire revenue. The effectiveness of a company's pricing and production methods was demonstrated by the gross profit margin, which showed how well it managed markup pricing and manufacturing costs.

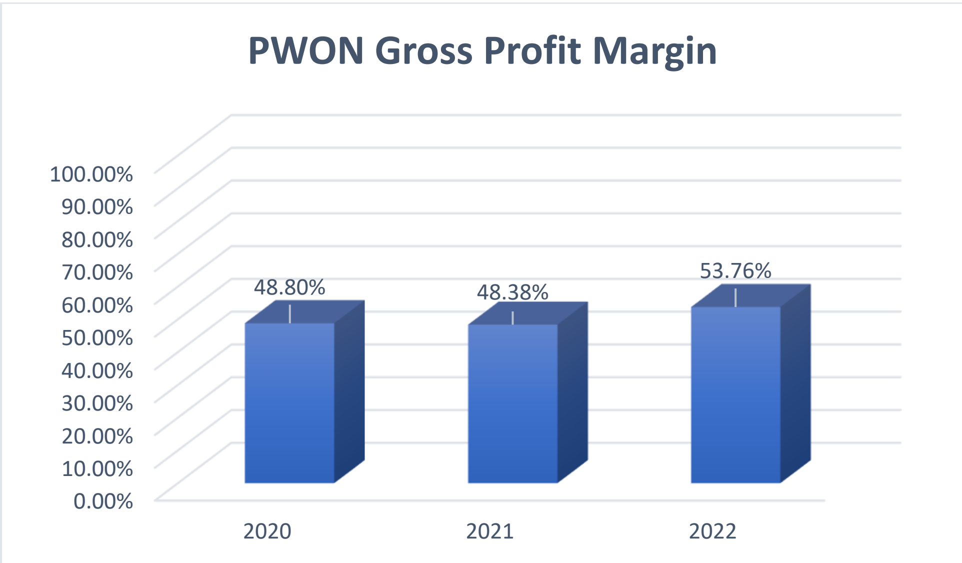

Figure 32. Graph Analysis of PWON Gross Profit Margin Movement

From the graph above, it can be seen that there has been a decreasing trend pattern from 2020 to 2021. The gross profit margin was decreasing slightly from 48.80% in 2020 to 48.38% in 2021.

Despite the decline, it was within a stable and anticipated range, due to a proportional increase in the cost of goods sold relative to revenue in 2021. While this decline may cause small concerns, it was not significant because it indicated a manageable adjustment to operational expenses in reaction to market circumstances.

However, the following year showed a significant improvement, with the gross profit margin rising to 53.76% in 2022, an 11% increase over the previous year. This significant improvement was supported by a 6% reduction in the cost of sales coupled with a 5% increase in sales revenue. A substantial rise in gross profit margin reflected the company's capacity to improve operational efficiency and profitability. PT Pakuwon Jati Tbk demonstrated its ability to increase profits and maximize shareholder value by effectively controlling its cost structure while maintaining sales revenue.

Additionally, the gross profit margin changes of PT Ciputra Development Tbk for the 2020 to 2022 period are displayed below.

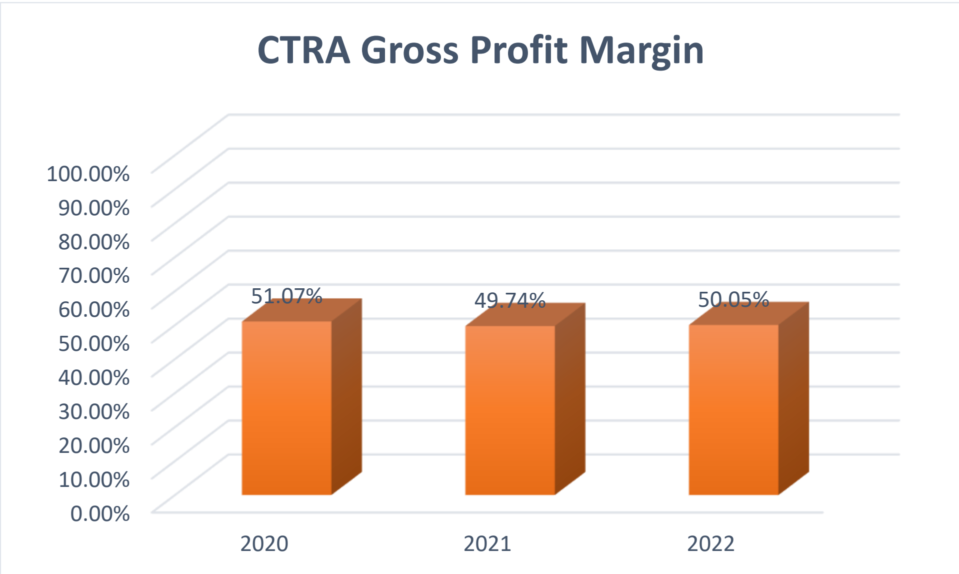

Figure 33. Graph Analysis of CTRA Gross Profit Margin Movement

Based on the data above, it can be seen that PT Ciputra Development Tbk’s gross profit margin movement tended to be stable with some slight fluctuations from 2020 to 2022. The gross profit margin was experiencing a slight decrease from 51.70% in 2020 to 49.74% in 2021. This slight decrease was supported by a decrease in the gross profit margin from the commercial segment's net revenues from 46.7% to 45.2%, which was caused by a decrease in the margin for shopping centers (from 49.3% to 31.8%) due to a reduction in temporary rental rates to tenants as a result of community activity restrictions.

In 2022, the gross profit margin of PT Ciputra Development Tbk had successfully increased from 49.74% in 2021 to 50.05% in 2022 supported by the decrease in sales revenue and cost of sales. However, the increased gross profit margin in 2022 was due to the significant increase of the hotel gross profit margin from 37.8% to 44.5% due to the higher occupancy rate as people’s activities normalized after the easing of the social restriction policy by the government. Moreover, there was another upward trend from the increased margin from the reopening of the golf course and water park by 15%, from 35.6% to 50.6% thus boosting the overall gross profit margin for the year 2022. Despite a decline in sales revenue in 2022, the company was able to reduce its cost of revenue by a greater amount than the decrease in revenue, allowing the company's effectiveness and efficiency in generating profits to be maintained.

As a comparison, the graph below shows the gross profit margin for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk from the 2020 to 2022 period.

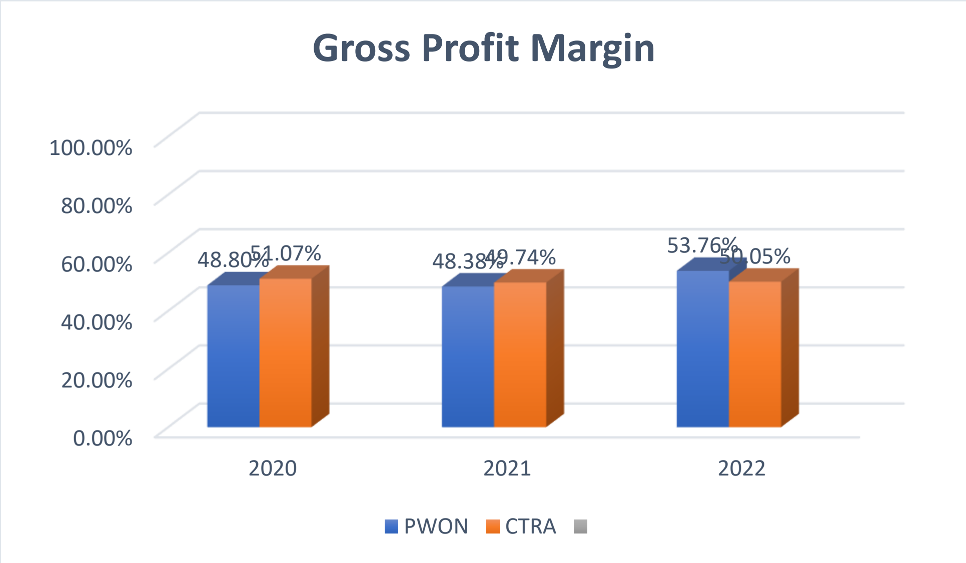

Figure 34. Graph Analysis of Gross Profit Margin Movement of PWON and CTRA over 2020 to 2022.

The graphical data shows an apparent increase in the gross profit margins of both PT Pakuwon Jati Tbk and PT Ciputra Development Tbk from 2020 to 2022. In 2021, both companies' gross profit margins declined, due primarily to the government's implementation of social restrictions during the Covid-19 pandemic. These restrictions reduced the number of customers in shopping malls, resulting in lower rental prices for tenants. As a result of the reduced revenue creation, both companies' gross profit margins decreased during the year.

However, the following year showed a positive turnaround, as both companies effectively increased their gross profit margins in 2022. This improvement indicated remarkable performance in terms of operational efficiency and income creation. This is in line with the prior research stating that a higher profit margin indicates more efficient operations for the company (Prihadi, 2019). Despite experiencing obstacles caused by pandemic-related economic disruptions, both PT Pakuwon Jati Tbk and PT Ciputra Development Tbk demonstrated resilience and adaptation in navigating unstable market conditions. Although PT Pakuwon Jati Tbk had a relatively better average gross profit margin than PT Ciputra Development Tbk, both companies displayed the capacity to efficiently manage sales revenue and maximize profitability in the face of challenges.

2) Net Profit Margin

The net profit margin was used to assess a company's profitability by calculating the proportion of revenue that converts to net income after deducting all expenses, such as operating expenses, interest, taxes, and other charges. Net income was divided by total revenue to arrive at the calculation. The company's capacity to effectively control expenses in relation to revenue generation was demonstrated by the net profit margin.

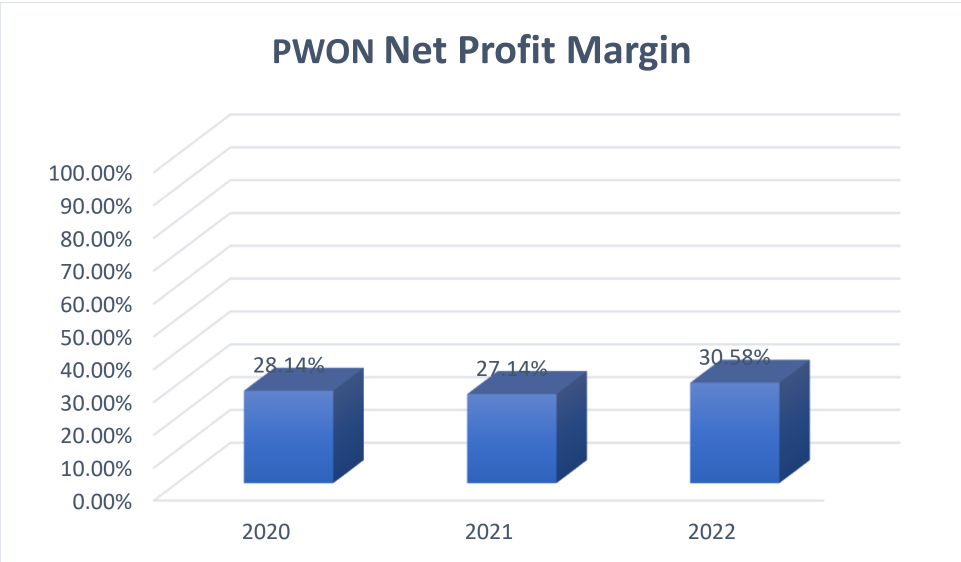

Figure 35. Graph Analysis of PWON Net Profit Margin Movement

The presented data illustrates PT Pakuwon Jati Tbk's financial performance, with a significant rise in net profit between 2020 and 2021. In 2021, the company reported a net profit of IDR1,550 billion, up 38.54% from the previous year's total of IDR1,119 billion. This increase in net profit was mostly due to a rise in the company's revenue throughout the time. However, despite a significant increase in net profit, the net profit margin fell slightly from 28.14% in 2020 to 27.14% in 2021. This decreasing trend in net profit margin was attributed to the company's rising expenses during the year, which offset some of the gains from higher revenue.

However, in the following year, 2022, PT Pakuwon Jati Tbk's net profit margin improved significantly, rising to 30.58%. This significant rise was driven by increased revenue for the year, which was accompanied by a reduction in income tax expenses. The data showed that the company was able to increase its profitability by properly reducing expenses and optimizing sources of income. The higher trend in net profit margin in 2022 indicated that PT Pakuwon Jati Tbk had a stronger financial position, demonstrating its resilience and capacity to adjust to changing market conditions while remaining profitable.

Additionally, the net profit margin movement of PT Ciputra Development Tbk for the 2020 to 2022 period is displayed below.

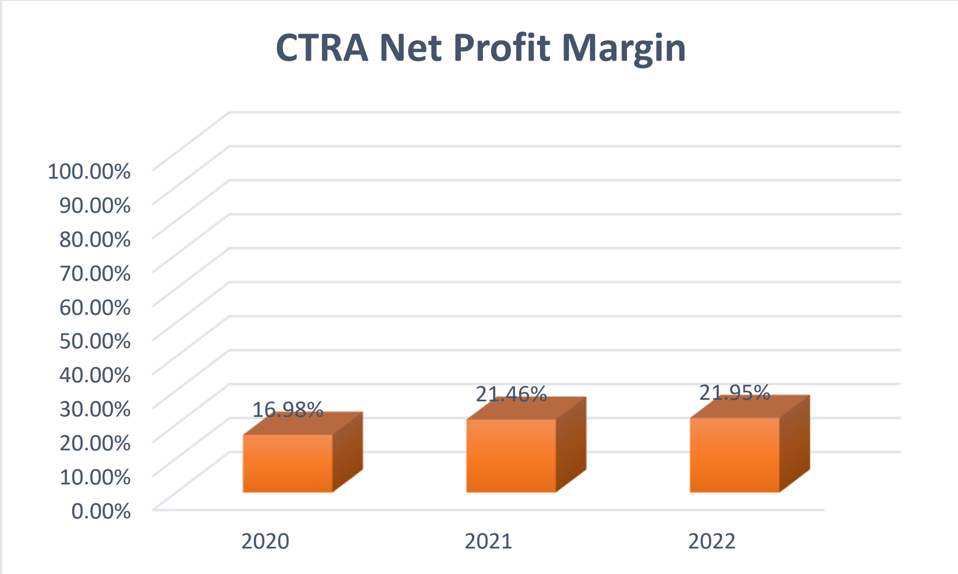

Figure 36. Graph Analysis of CTRA Net Profit Margin Movement

The graph above shows an increasing trend pattern of net profit margin from 2020 to 2022. The lowest net profit margin was in 2020 when the company was struggling to face the challenges as a result of the Covid-19 Pandemic. However, the company successfully managed to increase its net profit margin significantly by 26% from 16.98% in 2020 to 21.46% in 2021. This was due to the increase in net profit for the year from IDR1,320.8 billion to IDR1,735.3 billion. This increase was mainly due to an increase in the company's revenue. Additionally, the net profit margin continued to increase to a point of 21.95% in 2022. In that year 2022, even though the revenue for the year decreased from IDR9,729 billion in 2021 to IDR9,126 billion, the company had successfully minimized the finance cost by 15% and improved the interest income by 4%. Therefore, the net profit margin for that year was experiencing an increasing trend pattern.

For a business and its stakeholders, an increasing net profit margin typically has beneficial effects. It showed that the business was running more profitably and that its operations and resources were being managed well. This may increase investor confidence and draw in fresh capital, which could raise the price of the company's stock.

As a comparison, the graph below shows the net profit margin for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

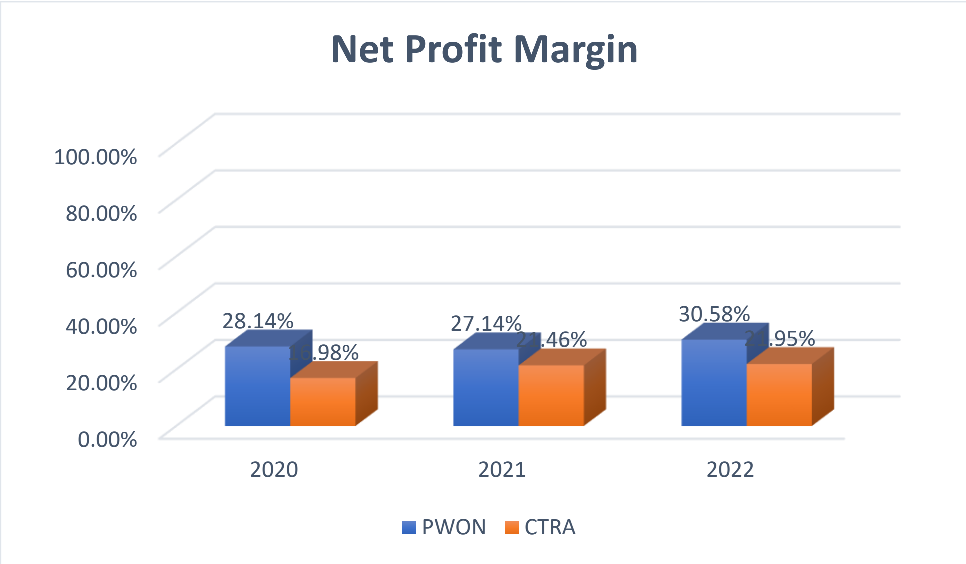

Figure 37. Graph Analysis of Net Profit Margin Movement of PWON and CTRA over 2020 to 2022.

The figure above illustrates that the average net profit margin of PT Pakuwon Jati Tbk was 28.62% while the average net profit margin of PT Ciputra Development Tbk was at a point of 20.13%. According to Bergevin (2001), an organization is said to be operating efficiently if its profit margin is increasing or showing an upward trend. Thus, over a three-year period, PT Pakuwon Jati Tbk had a higher net profit margin compared to PT Ciputra Development Tbk. This indicated that PT Pakuwon Jati Tbk had a stronger competitive position in the market since it generated more profit from its revenue than its competitors. Over time, this may lead to increased shareholder value, better liquidity, and improved financial stability. Furthermore, a business that has a high net profit margin could have more money to spend on expansion projects, R&D, or dividend payments, all of which would contribute to the long-term viability and success of the enterprise.

3) **Return on Asset (ROA)**

Return on assets (ROA) was used to assess PT Pakuwon Jati Tbk and PT Ciputra Development Tbk's potential to create profits from their assets. It assessed how well a business makes use of its resources to produce revenue. The computation of ROA involved dividing the net revenue of the organization by the entire value of its assets. The ratio that was obtained showed the amount of profit that was made for every rupiah that the company used as assets.

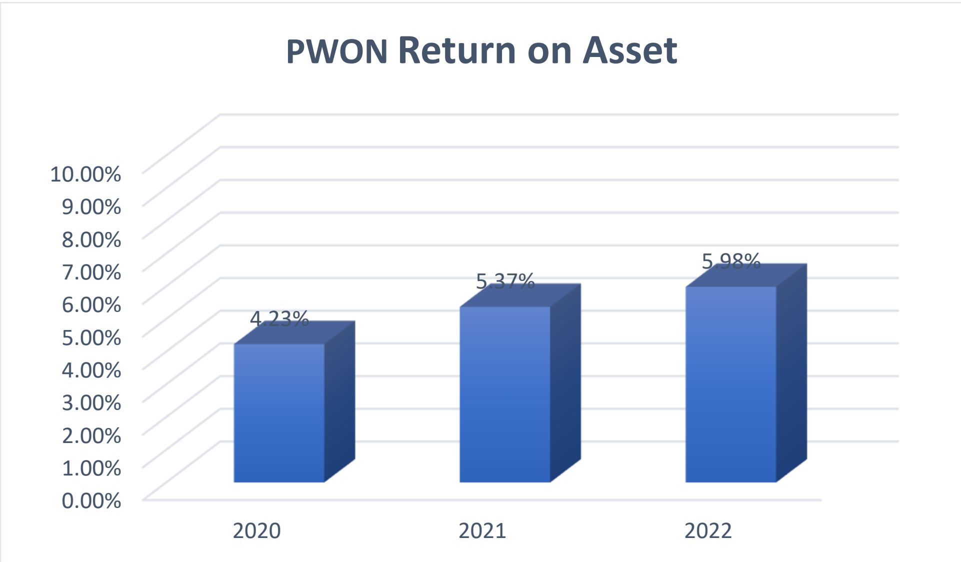

Figure 38. Graph Analysis of PWON Return on Asset Movement

The graph above shows that the Return on Assets of PT Pakuwon Jati Tbk experienced an increasing trend pattern from 2020 to 2022. However, there had been an extreme decline in the Return on Assets of the company in 2020. The drastic decline in 2020 when Covid-19 emerged was caused by a decrease in net profit significantly by 65%. The decreasing return on assets (ROA) could have significant consequences, possibly indicating a decline in the company's financial stability and decreased profitability. A falling return on assets (ROA) could be interpreted by investors as an indication of operational inefficiencies, which would erode their confidence and possibly cause the share price to fall.

However, the company successfully managed to increase the return on assets from 2020 to 2022 as shown in the figure above. This was caused by the consistently increasing net profit from year to year, indicating effective management and utilization of assets. A consistent improvement of return on assets could improve the business's capacity to obtain funding, support expansion plans, and produce long-term value for investors.

Additionally, the return on asset movement of PT Ciputra Development Tbk for the 2020 to 2022 period is displayed below.

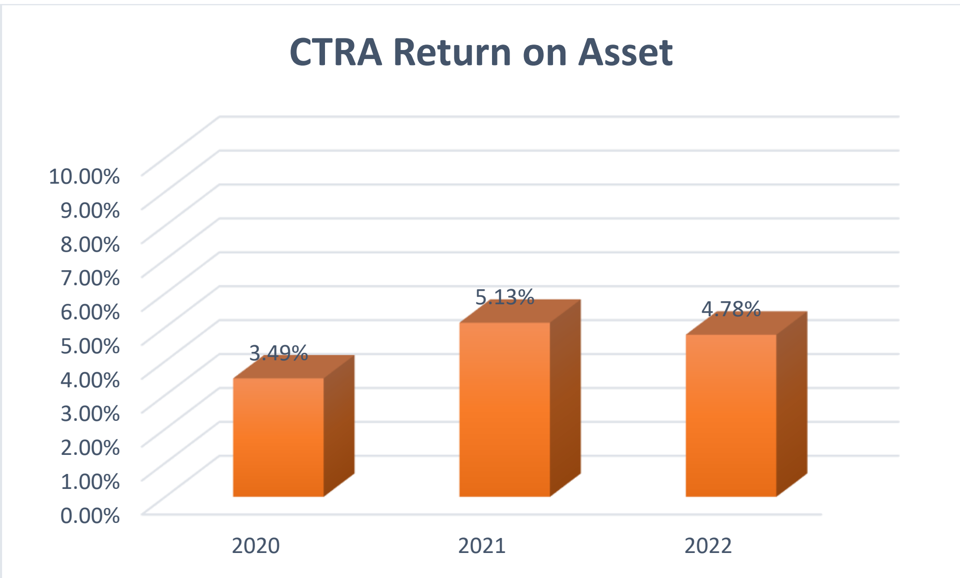

Figure 39. Graph Analysis of CTRA Return on Asset Movement

The figure above illustrates a notable increase in the Return on Assets (ROA) of PT Ciputra Development Tbk, rising from 3.49% in 2020 to 5.13% in 2021. This significant uptick in ROA was primarily driven by a substantial 52% increase in the company's profit for the year 2021. Such an increase underscored the company's ability to generate greater earnings relative to its asset base, reflecting improved operational efficiency or increased revenue generation. The surge in profitability suggested successful strategic initiatives, effective cost management, or favorable market conditions that contributed to bolstering the company's financial performance. This upward trend in ROA not only enhanced investor confidence but also signified strengthened financial health and potential for sustained growth for PT Ciputra Development Tbk.

However, despite the notable increase in the Return on Assets (ROA) observed in 2021, PT Ciputra Development Tbk experienced a subsequent downward trend, with the ROA declining to 4.78% in 2022. This reversal in ROA was supported by two key factors: first, the company's profit for the year fell 4% compared to the previous year, indicating a decline in earnings relative to its asset base. Second, total assets increased by 3% over the same period, substantially diluting the company's profitability indicators. The combination of lower profitability and an enlarged asset base resulted in a decrease in ROA, indicating probable difficulties in maintaining efficient asset utilization or sustaining past levels of profit. This downward trend underscored the importance of closely monitoring both revenue generation and asset management strategies to ensure sustained financial performance and profitability for PT Ciputra Development Tbk.

As a comparison, the graph below shows the return on asset changes for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

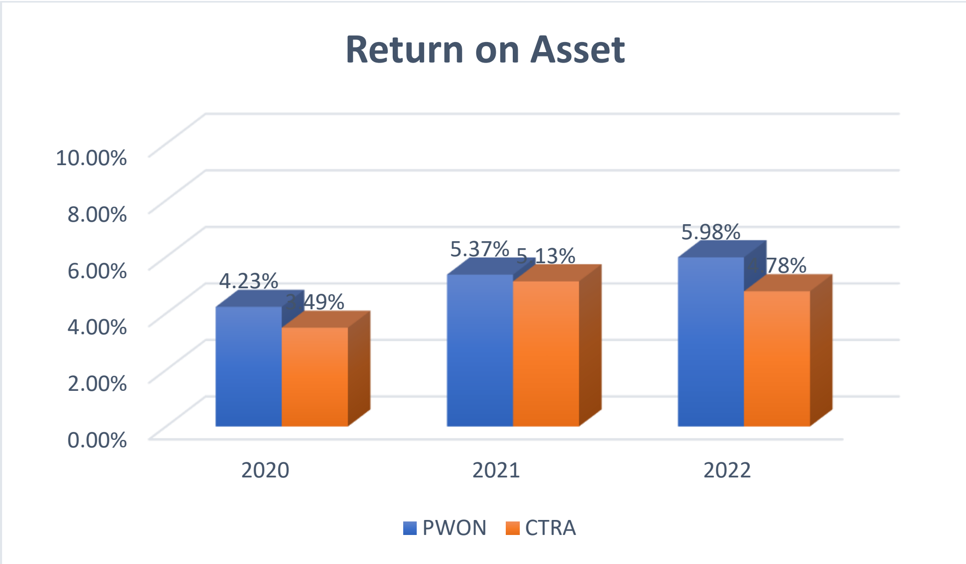

Figure 40. Graph Analysis of Return on Asset Movement of PWON and CTRA over 2020 to 2022.

Moving forward to the average for the three-year period, PT Pakuwon Jati Tbk exhibited a more stable trend in terms of Return on Assets (ROA) compared to PT Ciputra Development Tbk. PT Pakuwon Jati Tbk experienced a consistent increase in ROA from 2020 to 2022, indicating a sustained improvement in profitability relative to its asset base. With an average ROA of 5.19% over the three-year period, PT Pakuwon Jati Tbk demonstrated stronger performance in generating returns from its assets. Conversely, PT Ciputra Development Tbk had a lower average ROA of 4.47% during the same period, suggesting comparatively lower profitability efficiency. This discrepancy underscored PT Pakuwon Jati Tbk's superior ability to utilize its assets effectively and generate higher returns, positioning it more favorably in terms of financial performance and efficiency. This statement is supported by Palepu et al (2004), which stated in their book that the higher the return on assets of the company, the higher its ability to utilize its assets to make a profit.

4) Return on Equity (ROE)

Return on Equity (ROE) was used to assess the company's profitability in relation to its shareholders' equity. It determines how effectively a company earns profits from the equity invested by its owners. The ROE was computed by dividing net income by shareholder equity. The resulting ratio was the proportion of profit generated per rupiah of shareholder equity.

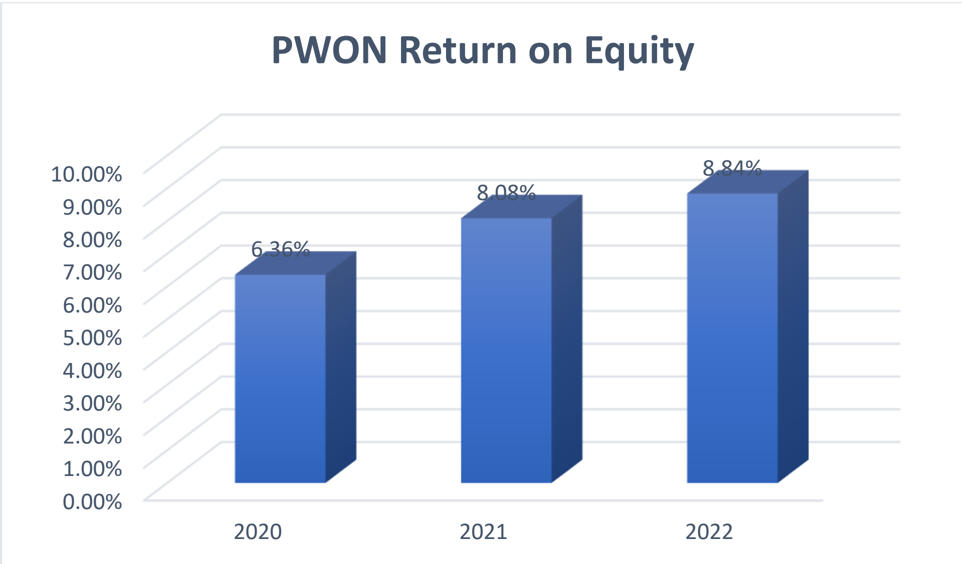

Figure 41. Graph Analysis of PWON Return on Equity Movement

The return on equity (ROE) trend that increased between 2020 and 2022 indicated that the company's financial performance was on the rise. This gain in ROE was driven by considerable increases in profitability, as indicated by the year's profit increase of 39% in 2021.

From 6.36% in 2020 to 8.08% in 2021, the ROE increased as a result, demonstrating improved efficiency in producing returns for shareholders in relation to the equity invested. The trend persisted into 2022 when the ROE increased by an additional 18% to 8.84%. This steady expansion highlighted how well the business uses shareholder equity to create profits, which is a reflection of excellent management techniques and strategic decision-making.

Additionally, the return on equity movement of PT Ciputra Development Tbk for the 2020 to 2022 period is displayed below.

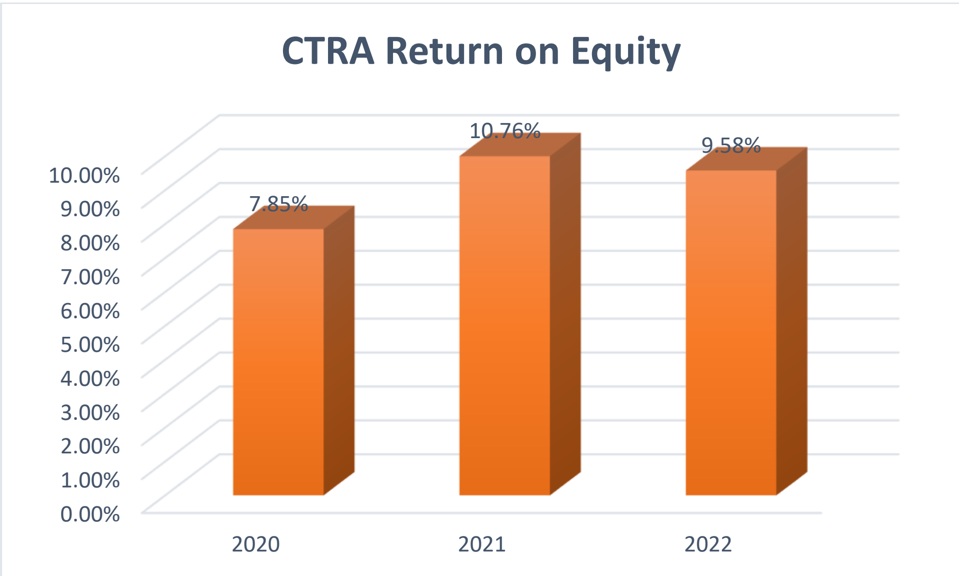

Figure 42. Graph Analysis of CTRA Return on Equity Movement

The aforementioned data clearly shows that return on equity (ROE) increased significantly by 37% in 2021. This substantial increase may have resulted from the year-over-year profit increase of 52% during that same time frame. This strong increase in profitability demonstrated how well the business used its assets and resources to increase returns for its investors. The company's capacity to effectively manage its operations and deploy capital was further highlighted by the notable improvement in ROE, which increased shareholder value. This implied that in 2021, the business went through a phase of solid financial performance and efficient management techniques.

On the other hand, while return on equity (ROE) increased significantly in 2021, return on assets (ROA) decreased slightly in 2022, falling to 9.58%. There were two main reasons for this decline: first, the company's profit for the year dropped by 4% from the prior year, which resulted in lower earnings in relation to its asset base. Second, the company's profitability indicators were further diluted during the same time due to an 8% increase in total equity. ROA declined as a result of lower profitability and a larger equity base, suggesting that it may be difficult to continue operating at profitable levels or to efficiently utilize assets. This negative trend in ROA highlighted the significance of regularly monitoring revenue generation and asset management techniques to ensure the company's long-term financial performance and profitability.

As a comparison, the graph below shows the return on equity changes for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

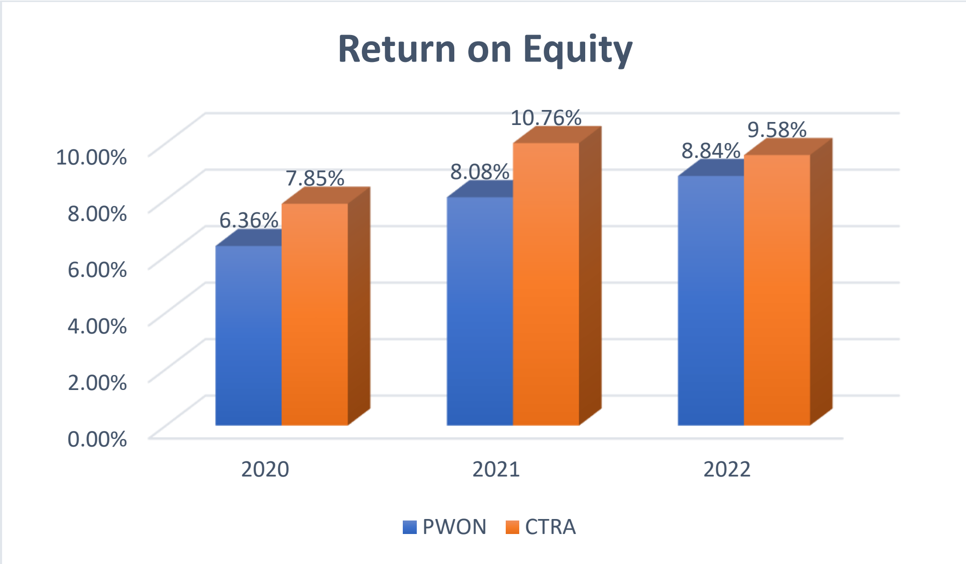

Figure 43. Graph Analysis of Return on Equity Movement of PWON and CTRA over 2020 to 2022.

The graph above shows that PT Pakuwon Jati Tbk achieved a return on equity (ROE) of 7.76% for the three-year period, but PT Ciputra Development Tbk's ROE was 9.40%, showing that PT Ciputra Development Tbk was more profitable than PT Pakuwon Jati Tbk. The higher return on equity indicated higher company's ability to utilize its equity to generate profit (Palepu et al., 2004). The discrepancy in the average return on equity of both companies indicated that PT Ciputra Development Tbk was more effective at generating returns for its shareholders in comparison to the equity invested in the company. The increased ROE of PT Ciputra Development Tbk could be attributed to variables such as faster revenue growth, better cost management, or more effective asset utilization. This example emphasized the significance of ROE as a critical statistic for analyzing a company's financial performance and efficiency in generating shareholder value, with PT Ciputra Development Tbk outperforming PT Pakuwon Jati Tbk.

e. Market Ratio Analysis

Market ratio analysis was used to assess a company's financial performance and attractiveness to investors by comparing its stock price and market capitalization to other financial parameters. Market ratio research assisted investors in determining the valuation, growth potential, and dividend distribution of a company's stock, which helped with investing decisions and portfolio management methods.

1) Earnings per Share

Earnings per share (EPS) is a company's net income less preferred dividends and divided by the average number of common shares outstanding. The resulting figure functioned as a measure of a company's profitability. A company's earnings per share (EPS) are typically adjusted for unusual charges and probable share dilution.

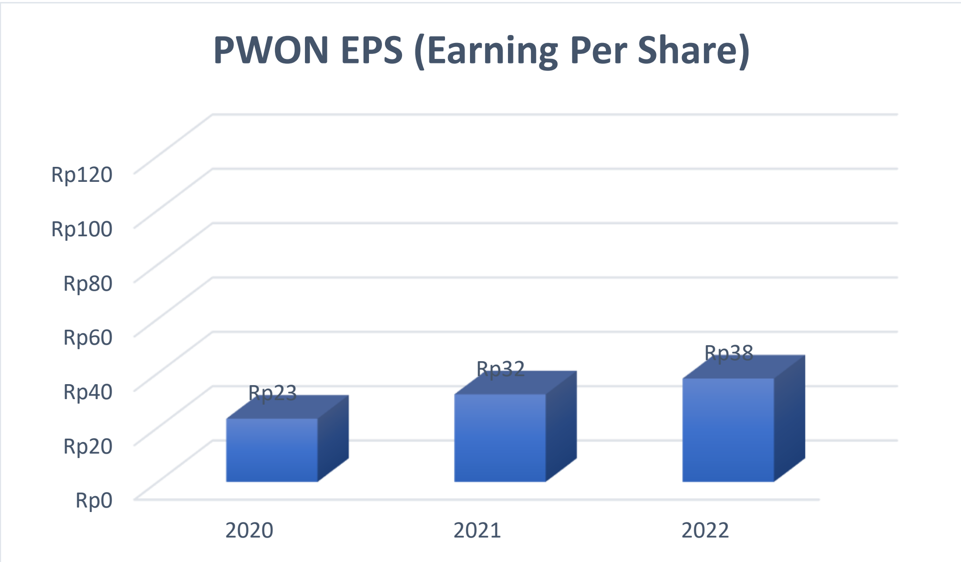

Figure 44. Graph Analysis of PWON Earnings per Share Movement

The data above shows that the earnings per share of PT Pakuwon Jati Tbk experienced an upward trend pattern over 2020-2022. It increased significantly by 39% from IDR23 in 2020 to IDR32 in 2021.

Then, it continued to increase to a point of IDR38 in 2022. This constant increasing trend indicated an increase in the company's profitability and financial performance over time. Such a pattern implied that PT Pakuwon Jati Tbk's earnings per share were rising, which might be caused by things such as rising revenues, effective reducing costs strategies, or successful growth initiatives. As a result, the data pointed to a healthy forecast for the company's financial health and future growth.

Additionally, the earnings per share movement of PT Ciputra Development Tbk for the 2020 to 2022 period is displayed below.

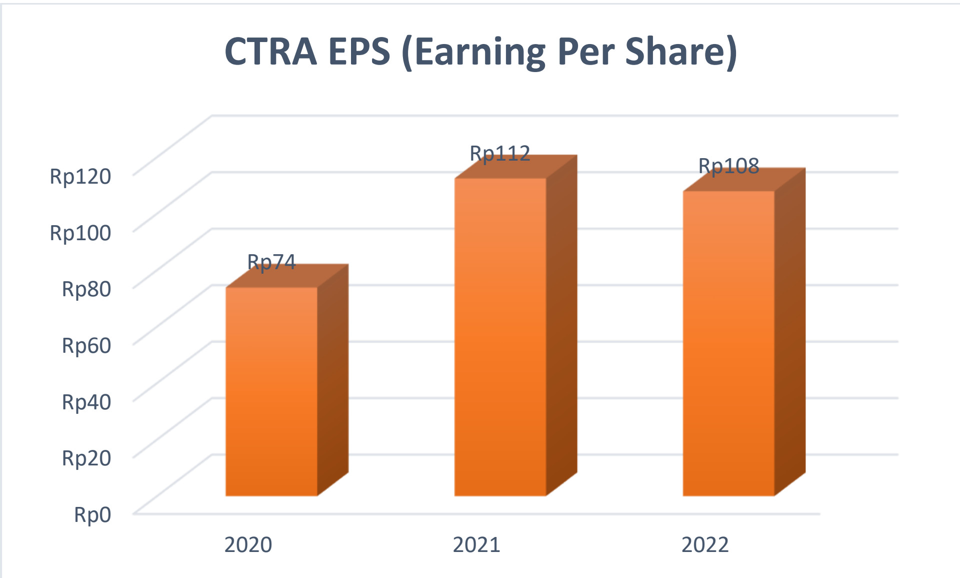

Figure 45. Graph Analysis of CTRA Earnings per Share Movement

The figures above show an incredible increase in PT Ciputra Development Tbk's profits per share (EPS), which rose by 52% from IDR 74 in 2020 to IDR 112 in 2021. This significant increase was due to a huge increase in the company's net earnings for the fiscal year 2021. However, the EPS fell to IDR 108 in 2022, corresponding with a drop in net profit during the same period. This EPS fluctuation indicated a degree of instability in the company's profitability and financial performance. While the first increase in EPS in 2021 may have boosted investor confidence and shareholder returns, the subsequent decline in 2022 indicated the obstacles and uncertainties that the company may encounter in maintaining or increasing its profitability growth. Investors may view this volatility as a signal to closely watch the company's financial health and management plans in order to assess its capacity to generate consistent earnings and shareholder value over time.

As a comparison, the graph below shows the earnings per share for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

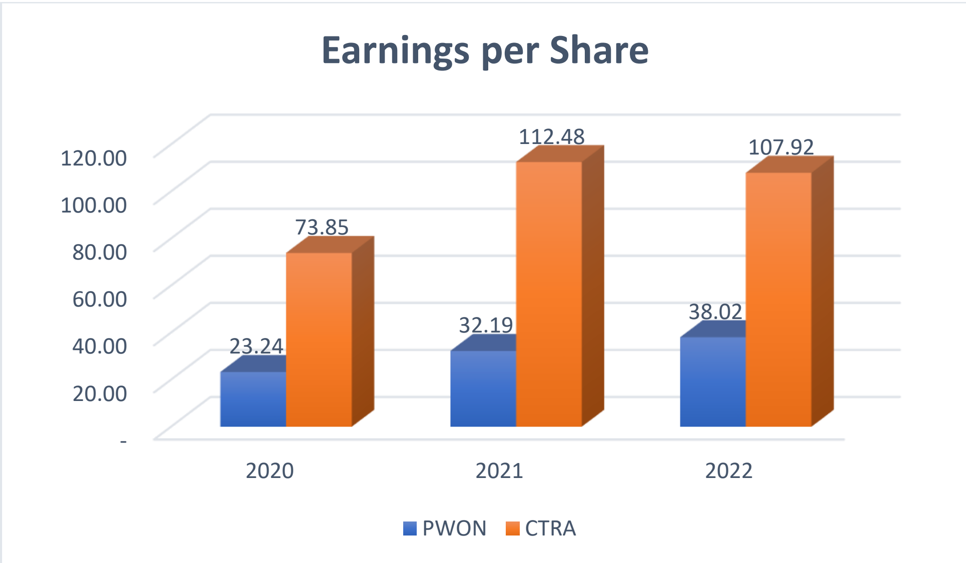

Figure 46. Graph Analysis of Earnings per Share Movement of PWON and CTRA over 2020 to 2022.

The comparison of the financial performance between PT Pakuwon Jati Tbk and PT Ciputra Development Tbk reveals contrasting trends in earnings per share (EPS) over the 2020-2022 period. PT Pakuwon Jati Tbk demonstrated a consistent upward trend in EPS, increasing by 39% from IDR 23 in 2020 to IDR 38 in 2022. This suggested sustained growth in profitability and financial success, potentially driven by factors such as rising revenues and effective cost management. In contrast, PT Ciputra Development Tbk experienced a remarkable increase in EPS in 2021, soaring by 52% to IDR 112, primarily due to a significant surge in net earnings. However, this growth was followed by a decline in EPS to IDR 108 in 2022, aligning with a decrease in net profit during the same period. This volatility in EPS indicated instability in the company's financial performance, presenting challenges for sustaining or furthering profitability growth. An organization is thought to be more profitable if its EPS is higher (Bergevin, 2001). While both companies showcased periods of growth, the contrasting trajectories highlighted the importance of continuous monitoring of financial health and management strategies to ensure consistent earnings and shareholder value over time.

2) Price to Earning Ratio

The price-to-earnings (P/E) ratio was used to determine the value of a company's stock in relation to its earnings. It was computed by dividing the earnings per share (EPS) by the current market price per share. The P/E ratio is a crucial tool for investors to evaluate the attractiveness of a stock and make well-informed investment decisions because it is frequently used to compare the valuation of different companies within the same industry or to determine whether a stock is trading at a premium or discount compared to historical averages or market benchmarks.

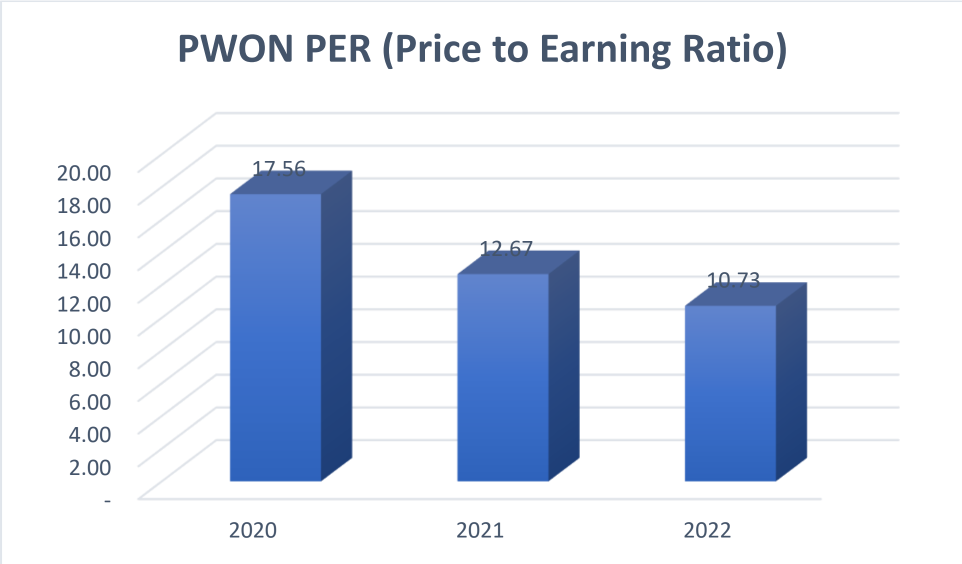

Figure 47. Graph Analysis of PWON Price-to-Earnings Ratio Movement

From 2020 to 2022, PT Pakuwon Jati Tbk's price-to-earnings (P/E) ratio declined, as seen in the above figure. The P/E ratio dropped from 17.56 in 2020 to 12.67 in 2021, indicating a decline in the stock price in relation to the earnings per share (EPS) of the business. This trend continued into 2022, with the P/E ratio falling even lower to 10.73. This pattern indicated that over time, PT Pakuwon Jati Tbk's stock price had grown more attractively valued in relation to its earnings, which may be a sign of improved valuation measures or growing investor confidence in the company's ability for future earnings growth.

Additionally, the price-to-earning ratio movement of PT Ciputra Development Tbk for the 2020 to 2022 period is displayed below.

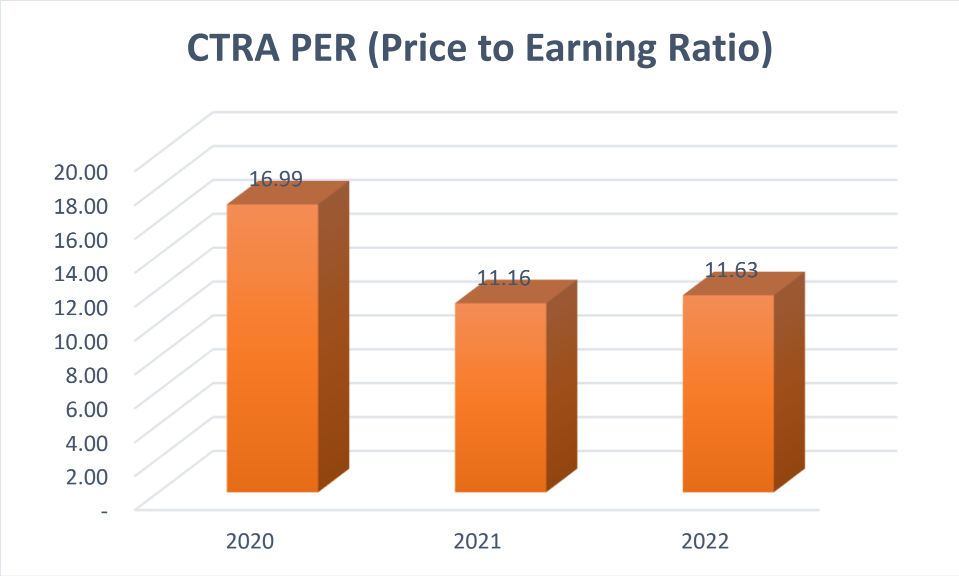

Figure 48. Graph Analysis of CTRA Price to Earning Ratio Movement

The price-to-earnings (P/E) ratio fluctuated significantly between 2020 and 2023. In 2021, the P/E ratio fell dramatically from 16.99 in 2020 to 11.16. This reduction indicated a significant drop in the stock price relative to the company's profits per share (EPS), possibly indicating a shift towards a more attractively valued stock. However, in 2022, the P/E ratio climbed to 11.63, indicating a reversal in the prior fall. This gain may reflect the renewed market optimism or improved profit estimates for the company, resulting in a greater valuation compared to earnings. The P/E ratio's volatility illustrated the dynamic nature of stock valuation and investor sentiment, emphasizing the significance of regularly monitoring market movements and company performance in order to make informed investing decisions.

As a comparison, the graph below shows the price-to-earnings ratio for PT Pakuwon Jati Tbk and PT Ciputra Development Tbk over the 2020 to 2022 period.

Figure 49. Graph Analysis of Price to Earning Ratio Movement of PWON and CTRA over 2020 to 2022.

A low P/E ratio may indicate undervaluation, creating an appealing investment opportunity, whilst a high ratio may indicate overvaluation (Bergevin, 2001). Contrasting patterns in the price-to-earnings (P/E) ratio during the relevant periods were highlighted by comparing the financial performance of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk. PT Pakuwon Jati Tbk's P/E ratio had consistently declined from 17.56 in 2020 to 10.73 in 2022, showing a progressive fall in the stock price relative to earnings per share (EPS). This pattern indicated that the company's shares grew more attractively valued over time, maybe due to improved valuation metrics or increased investor confidence in future earnings projections.

In contrast, PT Ciputra Development Tbk's P/E ratio fluctuated significantly, falling from 16.99 in 2020 to 11.16 in 2021 and then rising to 11.63 in 2022. The fluctuation of the P/E ratio highlighted moves in the stock price relative to earnings, emphasizing the dynamic nature of stock valuation and market sentiment. While both companies experienced shifts in their P/E ratios, PT Pakuwon Jati Tbk's consistent decline suggested a more stable and favorable trend in stock valuation compared to PT Ciputra Development Tbk, which experienced greater volatility in its P/E ratio.

4.2.4 Du Pont System Analysis

The DuPont analysis was an evaluation method that disaggregated return on equity (ROE) to provide more information about a company's profitability and efficiency. It broke down ROE into three major components: net profit margin, asset turnover, and equity multiplier. The DuPont study identified areas of strength or weakness within a company's operations, allowing management and investors to make informed decisions to improve overall performance and shareholder value.

a. Du Pont System Analysis of PT Pakuwon Jati Tbk

Table 9. Du Pont System Analysis of PT Pakuwon Jati Tbk

PT Pakuwon Jati Tbk				
Year	**NPM**	**TATO**	**EM**	**ROE**
2020	0.28	0.15	1.50	0.06
2021	0.27	0.20	1.51	0.08
2022	0.31	0.20	1.48	0.09

The data provided is for PT Pakuwon Jati Tbk and covers a three-year period from 2020 to 2022, focusing on key financial parameters. The Du Pont System was primarily used in the study, which broke down return on equity (ROE) into three components: net profit margin (NPM), total asset turnover (TATO), and equity multiplier (EM).

Firstly, examining NPM, we observed a slight fluctuation over the three years, starting at 0.28 in 2020, decreasing marginally to 0.27 in 2021, before experiencing a mild increase to 0.31 in 2022. The net profit margin is the percentage of sales that transforms into net income after deducting all expenses. The consistent NPM indicated that the company had maintained efficiency in cost management and revenue creation, with a modest improvement in 2022.

Second, TATO assessed the effectiveness of asset utilization in generating revenue. Over the stated time period, TATO remained relatively stable at roughly 0.20, showing that the company had consistently generated revenue compared to its total assets. Although TATO did not fluctuate significantly, its stability indicated that the corporation was using appropriate asset management procedures.

The equity multiplier (EM) then showed the amount of financial leverage employed by the corporation to fund its assets. EM had been around 1.50 over the last three years, indicating that PT Pakuwon Jati Tbk used a steady degree of leverage. This showed a consistent financing strategy with no substantial changes in the debt-to-equity financing ratio.

Finally, we observed a gradual increase in ROE, the ultimate measure of a company's profitability, from 0.06 in 2020 to 0.09 in 2022. This increase in ROE could be attributable to the combined effects of a minor increase in NPM and steady performance from TATO and EM. It revealed that the company was able to successfully leverage its assets and control its expenses during a three-year period, resulting in improved returns for its stockholders.

In conclusion, the data analysis utilizing the Du Pont System highlighted PT Pakuwon Jati Tbk's consistent financial performance, with minor fluctuations in NPM and a steady TATO and EM, contributing to a gradual improvement in ROE. This showed that the company had maintained efficient operations and effective financial management practices, which bode well for its continued success and shareholder value creation.

b. Du Pont System Analysis of PT Pakuwon Jati Tbk

Additionally, the Du Pont System Analysis of PT Ciputra Development Tbk is presented in the table below:

Table 10. Du Pont Systes Analysis of PT Ciputra Development Tbk

PT Ciputra Development Tbk				
Year	**NPM**	**TATO**	**EM**	**ROE**
2020	0.17	0.21	2.25	0.08
2021	0.21	0.24	2.10	0.11
2022	0.22	0.22	2.00	0.10

The presented data provides insights into PT Ciputra Development Tbk's financial performance throughout three years from 2020 to 2022, as analyzed using the Du Pont System. This system broke down return on equity (ROE) into three components: net profit margin (NPM), total asset turnover (TATO), and equity multiplier (EM), giving a complete picture of the company's operational and financial performance.

Beginning with NPM, we saw a gradual growth from 0.17 in 2020 to 0.22 in 2022. This increased trend indicated an improvement in the company's capacity to convert revenue into net profits over time. It proposed that PT Ciputra Development Tbk employed better cost management and revenue development techniques, which would result in higher profit margins.

Moving on to TATO, which measured the efficiency of asset utilization in generating income, the data showed minor variations. TATO began at 0.21 in 2020, grew to 0.24 in 2021, and then declined to 0.22 in 2022. Despite the variations, TATO remained reasonably consistent, indicating that the corporation had maintained consistency in generating income relative to its total assets but with minor alterations in asset utilization techniques.

The equity multiplier (EM) indicates the degree of financial leverage used by the organization. Over the three-year timeframe, EM fell from 2.25 in 2020 to 2.00 in 2022. This decline represented a decrease in the amount of debt utilized to fund the company's assets. It suggested a shift towards a more conservative financial strategy or possibly an increase in equity financing compared to debt financing, which could lower financial risk for the company.

Finally, there was a growth in ROE, the ultimate measure of profitability, from 0.08 in 2020 to 0.10 in 2022, with a high of 0.11 in 2021. This increase in ROE could be due to the combined impacts of rising NPM and relatively stable TATO, despite a modest fall in EM. It suggested that PT Ciputra Development Tbk was able to successfully utilize its assets and manage its finances throughout three years, resulting in improved returns for its stockholders.

In summary, the analysis using the Du Pont System revealed that PT Ciputra Development Tbk had improved profitability, with increasing NPM and reasonably constant TATO despite volatility, as well as a declining trend in EM. These trends revealed successful financial management practices that helped the company earn higher returns for its stockholders throughout the stipulated period.

c. Comparison of Du Pont System Analysis Between Two Companies

We conducted an in-depth analysis of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk's financial health by comparing their performance using the Du Pont System Analysis. The Du Pont System allowed us to break down the return on equity (ROE) into three components: net profit margin (NPM), total asset turnover (TATO), and equity multiplier (EM) (Gibson, 2012). By examining each factor, we gained insight into how well companies used resources and managed their finances to generate shareholder returns.

First, when we looked at the Net Profit Margin (NPM), we could see that PT Pakuwon Jati Tbk had consistently maintained a greater NPM than PT Ciputra Development Tbk over time. This demonstrated that Pakuwon Jati Tbk was capable of converting sales into profits, demonstrating its efficiency in cost control and revenue development.

Moving on, PT Ciputra Development Tbk had a slightly higher Total Asset Turnover (TATO) than PT Pakuwon Jati Tbk. This meant that Ciputra Development Tbk made better use of its assets to generate revenue, indicating possible improvements in operational efficiency and market share.

When calculating the Equity Multiplier (EM), PT Pakuwon Jati Tbk consistently had a lower EM than PT Ciputra Development Tbk. This indicated that Pakuwon Jati Tbk used less debt financing to fund its assets, showing a more conservative approach to leverage and potentially reduced financial risk.

Finally, in terms of Return on Equity (ROE), PT Ciputra Development Tbk outperformed PT Pakuwon Jati Tbk. This holistic indicator captured the combined effect of NPM, TATO, and EM, indicating Ciputra Development Tbk's overall outstanding performance in generating shareholder returns.

In conclusion, PT Pakuwon Jati Tbk had a greater net profit margin and careful debt management, but PT Ciputra Development Tbk had better asset utilization efficiency and higher returns on equity. Based on the Du Pont System Analysis, PT Ciputra Development Tbk appeared to outperform PT Pakuwon Jati Tbk in terms of shareholder value creation and financial stability.

4.3 Prospective Analysis

The Indonesian Property and Real Estate Industry's prospective analysis, which focused on PT Pakuwon Jati Tbk and PT Ciputra Development Tbk, was conducted by analyzing historical financial performance to provide a foundational understanding necessary for forecasting future financials. Pro forma financial statements were then constructed after projecting sales, estimating expenses forecasting capital expenditures and investments, and assessing changes in working capital.

4.3.1 Historical and Prospective Business and Financial Analysis

The Historical and Prospective Business and Financial Analysis examined PT Pakuwon Jati Tbk and PT Ciputra Development Tbk's management strategy and financial performance in detail. It provided a detailed analysis of the strategic initiatives undertaken by both companies, including their approaches to corporate governance, sustainability, resource management, geographical diversification, strategic partnerships, awards and recognition, and digitalization. Furthermore, using a retrospective lens, historical financial data was examined to identify patterns, trends, and key performance metrics that had impacted the companies' previous trajectory. The study covered a variety of topics, including revenue growth, profitability, liquidity, and solvency ratios, providing a solid foundation for evaluating their financial health.

This part also covered prospective financial analysis, which provided information on these companies' prospects for the future. Future revenue streams, expenses, and profitability measurements were projected using forecasting techniques. An in-depth analysis of market dynamics, industry trends, and company-specific factors, especially the management strategies enabled a forward-looking view of prospective growth prospects and risks which in turn supported these estimates.

This resulted in a more detailed picture of the development of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk by evaluating past performance with future projections. It provided readers with insightful knowledge about the potential impact of past financial performance on future results and served as a foundation for wise investment strategy decisions. It also emphasized how crucial it is to take into account both past performance and anticipated growth when evaluating these real estate development enterprises' financial stability and investment possibilities.

a. Management Strategic Analysis

The management strategy analysis performed in this study involved examining the strategies and practices used by an organization's management team to effectively achieve its goals and objectives. It included an examination of various topics such as leadership, decision-making processes, resource allocation, risk management, innovation, engagement of stakeholders, and market adaptability. The purpose of the strategic analysis was to evaluate the organization's competitive position, identify strengths and weaknesses, and make recommendations for improving performance and long-term success.

- PT Pakuwon Jati Tbk

  Based on the management strategic analysis that has been carried out by analysing the annual report of the company, the researcher found out management strategic analysis of PT Pakuwon Jati Tbk into several key points:

  1. Synergy-driven Recovery

     PT Pakuwon Jati Tbk has strategically focused on synergy as the foundation for its recovery post-COVID-19 pandemic, exhibiting a robust management approach. Through collaborative efforts, the company has successfully improved its operations and implemented innovative techniques, particularly in sustainable property development. This strategy has produced outstanding results, as indicated by a remarkable 27% reduction in emission intensity compared to the baseline year of 2019, demonstrating their dedication to environmental stewardship.

  2. Strong Financial Performance

The company's financial performance reflects its strategic prowess. With revenues exceeding the forecast for 2022, PT Pakuwon Jati Tbk has proved its ability to adapt and survive in challenging market conditions. Initiatives such as increasing the number of visitors, hosting events, and introducing the Pakuwon Lifestyle application have all contributed to this achievement, highlighting the necessity of diversifying revenue streams.

3. Strategic Capex Investments

   The capital expenditure (capex) investments totaling Rp1.006 billion have been critical in improving the company's operational and financial performance. These investments in land, property, and fixed assets demonstrate a proactive commitment to encouraging long-term growth and expansion potential.

4. Digitalization for Efficiency

   Furthermore, digitalization has emerged as a key component of PT Pakuwon Jati Tbk's strategy, enabling increased productivity and efficiency across all processes. Despite a slight shortfall in achieving marketing sales targets, the company's commitment to digital transformation has positioned it for future success in an increasingly competitive landscape. Additionally, the development of the Pakuwon Lifestyle application has been one of the key strategies of the company to face the competitiveness between the emergence of e-commerce and market digitalization thus boosting the revenue growth of the company.

5. Sustainability Initiatives

   The corporation continues to prioritize sustainability, with concerted initiatives aimed at reducing emissions and ensuring long-term environmental stewardship. By prioritizing sustainability initiatives, PT Pakuwon Jati Tbk not only mitigates operational risks but also aligns with evolving consumer preferences and regulatory standards.

6. Robust Corporate Governance

   PT Pakuwon Jati Tbk has implemented a strong corporate governance structure to ensure transparency and accountability. The company has established a Board of Directors and a Board of Commissioners to oversee its operations and strategic initiatives. The company has also implemented an anti-money laundering policy as part of its commitment to combating money laundering practices. The Board of Directors assesses that the implementation of corporate governance carried out by the Company is in accordance with the applicable laws and regulations.

7. Geographical Diversification

   PT Pakuwon Jati Tbk has diversified its operations across different geographical locations. The company has established a presence in various cities in Indonesia, including Surabaya, Jakarta, and Bekasi. The company has also expanded its operations by acquiring land and property investments in areas such as Daan Mogot, and Jakarta Barat. This diversification has allowed the company to mitigate risks associated with operating in a single location and tap into new markets

8. Strategic Partnership

   PT Pakuwon Jati Tbk has formed strategic partnerships to enhance its operations and achieve its business objectives. The company has acquired Kota Kasablanka Superblok in CBD Jakarta and completed the development of 4 condominiums, 2 office buildings, and opened Kota Kasablanka Mall with an occupancy rate of 94%. The company has also formed partnerships with various stakeholders, including contractors, suppliers, and customers, to optimize its operations and deliver value to its customers.

9. Awards and Recognitions

   PT Pakuwon Jati Tbk has received various awards and has been acknowledged for its sustainability efforts and business performance. Deloitte Indonesia presented the company with the Asia Best Managed Companies Awards 2022 in recognition of its organizational achievement and impact on the industry it operates. Additionally, PT Pakuwon Jati Tbk received an award as an Exemplary Taxpayer for the City of Surabaya 2022 from the Mayor of Surabaya, acknowledging its commitment to tax compliance. In recognition of its contributions to the real estate industry, the company was also given an award by Property Indonesia Award for The Recognised Premium Housing Concept in Surabaya. In addition, PT Pakuwon Jati Tbk's efforts to reduce energy usage were recognized when it was awarded first place by ESDM Indonesia in the Energy Efficiency of Retrofit Buildings category. The Association of Indonesia Securities Analysts, the CSA Community, recognized the company as the Analyst's Favourite in the Property Sector at the 2022 CSA Award for its accomplishment in creating a flexible capital market sector in the post-pandemic digital era. The company's dedication to sustainability and energy efficiency, as well as its position in the Indonesian capital market, are highlighted by these accolades and recognition, which also serve as evidence of its capable management and considered strategy.

In conclusion, PT Pakuwon Jati Tbk's strategic management approach, which includes synergy, financial prudence, digitization, sustainability, governance excellence, geographical diversification, strategic partnerships, and industry recognition, demonstrates the company's resilience and long-term viability. By focusing on innovation, sustainability, and stakeholder value creation, the company is well-positioned to face future challenges and capitalize on emerging possibilities in the dynamic property development sector.

- PT Ciputra Development Tbk

Based on the management strategic analysis that has been carried out by analysing the annual report of the company, the researcher found out management strategic analysis of PT Ciputra Development Tbk into several key points:

1. Commitment to Corporate Governance

   The company has implemented good corporate governance principles, which have contributed to its financial stability and sustainability. The Board of Commissioners has ensured that the company's internal control and risk management systems are considered adequate under GCG principles. By prioritizing the implementation of good corporate governance principles, the Board of Commissioners upholds investor trust and operational integrity by guaranteeing that internal control and risk management systems conform to established norms.

2. Focus on Sustainability

   PT Ciputra Development Tbk has shown a strong commitment to sustainability by incorporating eco-friendly methods into its residential and commercial products using the innovative EcoCulture concept. By fostering connectivity with green spaces and using ecologically friendly products, the organization demonstrates its commitment to environmentally friendly development practices.

3. Efficient Resource Management

Efficient resource management is also a priority, with programs targeted at lowering power and water use through the use of LED lighting, timer features, and water recycling systems, which contribute to both environmental conservation and financial savings.

4. Strong Cash Flow Management

   Another area where PT Ciputra Development Tbk excels is cash flow management, as evidenced by the company's positive operating cash flow. The company's responsible financial stewardship is highlighted by its effective capital expenditure management, which is demonstrated by a decline in capital expenditure as well as a strong balance sheet with sizeable cash reserves and reasonable debt levels. The company's financial health has improved as a result of its sustained practice of postponing non-committed capital expenditures.

5. Geographical Diversification

   The company's strategic expansion plan includes the launch of three new township residential projects in greater Jakarta and Sumatra, aimed at the lower middle to higher middle segments, in response to Jakarta's strong market potential and Medan's favorable results last year. To achieve long-term success, the organization intends to leverage regional diversification and meet the needs of all segments.

6. Embrace of Digitalization

PT Ciputra Development Tbk has been improving its digital capabilities to capitalize on its growth momentum. The company has been using digital technology to deliver creative solutions in the property development sector, intending to add value and grow rapidly. The optimistic year 2022 offered the necessary energy for the Company to accelerate its digital transition to maximize growth.

7. Awards and Recognition

   PT Ciputra Development Tbk has been recognized with various awards and accolades, showcasing the company's commitment to excellence and innovation in the property sector. In 2022, the company received prestigious awards such as the CSA Awards for "The Best of Property Sector," the BCI Asia Awards for "Top Ten Developers," and the Asia Africa Business Award for "Property Developer." These accolades not only highlight the company's outstanding performance but also serve as a testament to its dedication to quality, sustainability, and responsible development practices. The recognition received by PT Ciputra Development Tbk underscores its position as a leading property developer who prioritizes transparency, accountability, and delivering exceptional service to its customers.

To sum up, the management strategic analysis of PT Ciputra Development Tbk demonstrates a thorough and progressive approach that includes financial management, corporate governance, sustainability, resource efficiency, awards and recognition, and digitalization. The company continues to be in a strong position to handle challenges, seize opportunities, and promote long-term growth in the fast-paced real estate development industry thanks to these strategic pillars.

b. Revenue Growth and Profitability Analysis

The researcher examined PT Pakuwon Jati Tbk and PT Ciputra Development Tbk's past and future revenue growth and profitability in this part. The researcher identified patterns in revenue creation and examined the elements influencing revenue growth over time by closely examining historical financial data. Furthermore, the researcher evaluated these businesses' profitability using indicators including net profit margins, operating profit margins, and gross profit margins. The analysis of the company's profit-generating efficiency also involved looking at return on equity and return on assets. The researcher estimated future revenue growth trajectories by prospective analysis, taking into account corporate strategies, demand dynamics, and market trends.

In addition, the researcher assessed potential changes to profitability measures, taking competitive forces and cost control initiatives into account. Investors were able to evaluate the financial performance and investment attractiveness of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk with the use of this analysis, which offered insightful information about the companies' capacity to generate income and potential for profit.

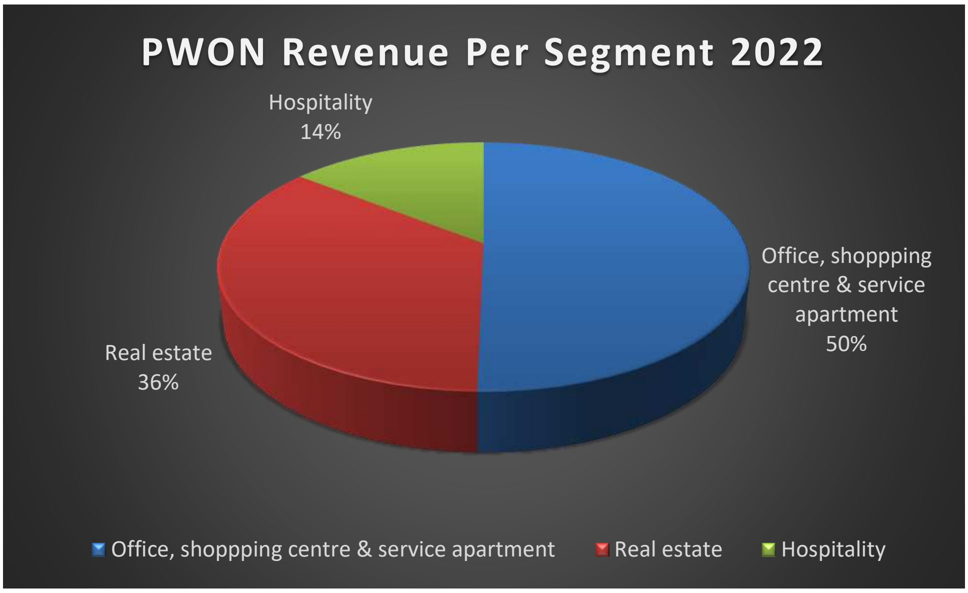

Figure 50. Revenue Breakdown of PT Pakuwon Jati Tbk 2022

The revenue breakdown of PT Pakuwon Jati Tbk (PWON) across its various segments in 2022 provides insight into the diversified nature of the company's operations. According to the data, the "Office, Shopping Centre & Service Apartment" section brought in the most revenue namely 50%, totaling $3,012 billion an increase of 33.77% compared to the previous year's acquisition of IDR 2,252 billion. Revenue from the Shopping Center, Office, and Serviced Apartment Business segment was generated by 51.40% from space rental, 24.95% from service charge, 21.30% from other business income, and 2.35% from serviced apartments. This may indicate a strong demand for office spaces, shops, and service apartments located within PT Pakuwon Jati Tbk's facilities. It also stated that PT Pakuwon Jati Tbk has made a significant impact in the commercial real estate sector. PT Pakuwon Jati Tbk's capacity to meet the demands of both businesses and consumers was highlighted by the segment's strong revenue contribution, which also demonstrated the company's ability to create significant earnings from its commercial assets.

Additionally, the "Real Estate" growth brought in 2,117 billion in sales, meaning that PT Pakuwon Jati Tbk's overall earnings were largely derived from this segment. Revenue from the sales of PT Pakuwon Jati Tbk's residential and commercial developments was included in this line of business. The significant revenue generated by the real estate segment indicated that PT Pakuwon Jati Tbk has had success in developing its assets and drawing in buyers or tenants. This had a favorable impact on PT Pakuwon Jati Tbk's capacity to derive profit from market opportunities and efficiently monetize its property assets.

Finally, the "Hospitality" section generated $858 billion in revenue, constituting a significant but relatively small portion of PWON's total revenue. This component most likely included profits from PWON's hotels and other hospitality-related operations. The company has operated six (six) star hotels until 2022: the Marriott Hotel Yogyakarta (5 stars), the Sheraton Surabaya Hotel and Towers (5 stars), the Four Points by Sheraton, Tunjungan Plaza (4-star) Surabaya, the Sheraton Grand Jakarta Gandaria City (5 stars), and The Westin Surabaya (5 stars) in the Pakuwon Mall superblock area. While revenue from the hospitality segment was lower than in other categories, it demonstrated PWON's presence in the hospitality business and efforts to diversify its revenue streams.

Figure 51. Historical and Prospective Revenue Growth of PT Pakuwon Jati Tbk

The data provides a complete picture of PT Pakuwon Jati Tbk's (PWON) revenue estimates for its key sectors from 2020 to 2025. The statistics reveal a significant growth in revenue across all segments throughout the predicted period. The "Office, Shopping Centre & Service Apartment" section had significant revenue growth, rising from 2,065 billion in 2020 to 3,012 billion in 2022, with further growth expected to reach 3,830 billion by 2025. The predicted growth in revenue in this category was driven by the speed of economic recovery, which could enhance people's purchasing power, encouraging renters to open shops that were postponed owing to the impact of the Covid-19 pandemic. Aside from that, the Company worked with various shops that carry new brands to open outlets in its malls. This method was implemented to continue to attract visitors while also providing promotional activities. Aside from that, the company has renovated the retail malls it acquired at the end of 2020 (Hartono Mall Jogja and Hartono Mall Solo) and is preparing to rebrand them as Pakuwon Mall Jogja and Pakuwon Mall Solo Baru, as well as carrying out the construction of the Pakuwon Mall Bekasi and Pakuwon City Mall expansion projects, which by the end of 2022 have made 15% and 12% progress, respectively. Researchers believe that by using these strategies, the Company's income will rise in line with the amount of visitors. This increased trend indicated a high demand for PWON-developed and managed commercial properties, reflecting favorable market conditions and competent management practices.

Revenue in the "Real Estate" section fluctuated over time, rising significantly in 2021 and then declining in 2022 before stabilizing and growing progressively in the predicted years. Revenue in this category was still significant despite fluctuations, demonstrating ongoing interest in and investment in PWON's real estate initiatives. However, the researcher predicted that the revenue in the “Real Estate” segment will continue to grow in the coming years as the company's good strategy in building housing units so they are ready for handover.

The "Hospitality" segment also had exceptional growth, with revenue projected to more than double from 236 billion in 2020 to 858 billion in 2022 and beyond. Revenue for the hotel segment in 2022 was recorded at IDR857.72 billion, increasing 92.37% from the previous year’s revenue which was recorded at IDR445.86 billion. This significant increase was due to a reduction in Covid-19 pandemic cases. The hotel segment’s revenue was generated from 53.84% of hotel room revenue, 34.40% of the hotel’s F&B, and 11.77% of other revenues. This significant growth is expected to continue through 2025. PWON's success in the hospitality industry was highlighted by this growth trajectory, which may have been brought about by rising tourism or the diversification of its hotel portfolio. All things considered, the statistics demonstrated PWON's strong revenue performance throughout its varied areas and points to bright future growth potential.

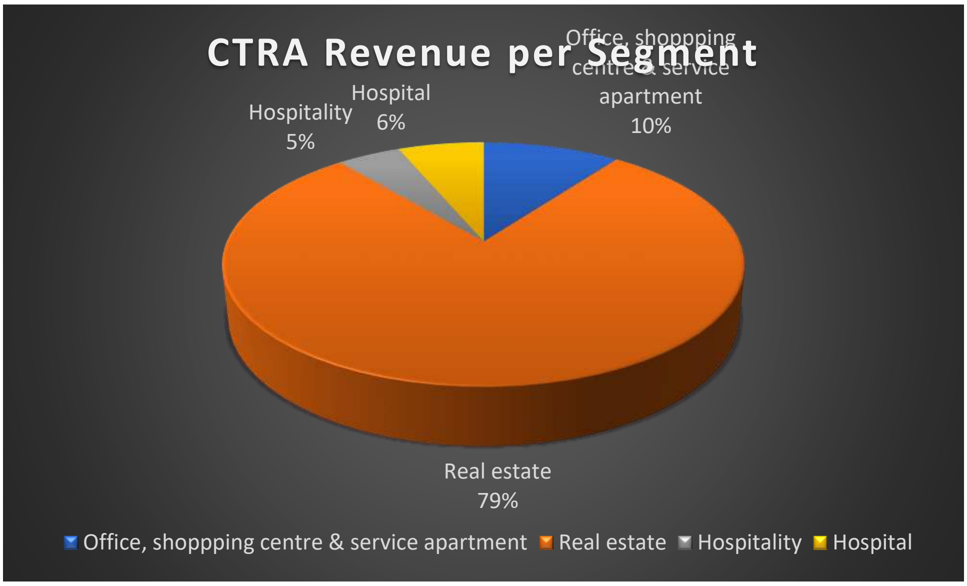

Figure 52. Revenue Breakdown of PT Ciputra Development Tbk 2022

PT Ciputra Development Tbk's (CTRA) revenue breakdown by segment in 2022 provides information on how diversified the business's operations are. The revenue breakdown of PT Ciputra Development Tbk in 2022 shows a varied portfolio encompassing multiple sectors. The data showed that the "Real Estate" segment generated the most income, totaling $7,188 billion. This section contained revenue from the sale of PT Ciputra Development Tbk-developed residential and commercial properties. The company's ability to successfully execute its development projects and attract buyers or renters to its properties was demonstrated by the significant revenue it generated from real estate. It demonstrated PT Ciputra Development Tbk's solid presence in the real estate market and its capacity to take advantage of business opportunities given the segment's sizeable contribution to the company's overall revenue.

Furthermore, the "Office, Shopping Centre & Service Apartment" division generated 929 billion in revenue, which represented a significant portion of the company's earnings. This sector included revenue from leasing office space, operating shopping centers, and managing service apartments on PT Ciputra Development Tbk's properties. The revenue generated by this division represented the company's success in commercial leasing and property management, indicating strong demand for its office and retail spaces, as well as service apartments. The consistent revenue stream from this business helped to diversify PT Ciputra Development Tbk's sources of income, increasing its resilience to market fluctuations and economic uncertainty.

Furthermore, revenue from the "Hospitality" segment totaled 430 billion, illustrating the company's position in the hospitality sector. This section contained revenue from hotels and other hospitality-related enterprises owned or managed by PT Ciputra Development Tbk. The earnings from hospitality highlighted the company's initiatives to diversify its revenue streams and capitalize on opportunities in the hospitality and travel industries. While hospitality revenue is lower compared to other segments, it contributes to PT Ciputra Development Tbk's overall revenue and adds value to its business portfolio.

Furthermore, revenue from the "Hospital" division totaled 580 billion, indicating the company's engagement in healthcare services or hospital operations. This section includes revenue from medical services, patient care, and facility management. The hospital segment's revenue represents PT Ciputra Development Tbk's development into healthcare-related companies, which may be driven by rising market demand for healthcare services.

One of the differences between PT Pakuwon Jati Tbk and PT Ciputra Development Tbk is that PT Ciputra Development Tbk also operates in the healthcare sector, specifically hospitals, whereas PT Pakuwon Jati Tbk does not. The difference in company scope demonstrated the varied nature of PT Ciputra Development Tbk's operations when compared to PT Pakuwon Jati Tbk. By entering the healthcare sector, particularly hospital operations, PT Ciputra Development Tbk demonstrated strategic growth beyond its core real estate and hospitality sectors. This diversification enabled PT Ciputra Development Tbk to generate other revenue streams while also capitalizing on the market's expanding demand for healthcare services. In contrast, PT Pakuwon Jati Tbk has primarily focused on real estate development, commercial leasing, and hospitality projects, with no involvement in the healthcare industry. This disparity highlighted each company's unique strategic directions and business models, which contributed to their different market positioning and competitive advantages in the industrial landscape.

Figure 53. Historical and Prospective Revenue Growth of PT Ciputra Development Tbk

The graph above presents valuable insights into the company's financial performance and growth trajectory. The data reveals notable revenue fluctuations across different segments over the historical period. The "Real Estate" segment stands out as the primary revenue driver, with revenue increasing from 6,596 billion in 2020 to 8,034 billion in 2021 before slightly declining to 7,188 billion in 2022. This trend reflected variations in real estate market conditions, project timelines, and sales cycles. The net sales from residential decreased 10.5% from IDR 8,034.3 billion in 2021 to IDR 7,187.6 billion in 2022 due to a decrease in revenue recognition from sales of apartments (Rp. 865.2 billion), offices (Rp. 483.1 billion), residential and shophouses (Rp. 115.6 billion), while land plots increased income by Rp. 617.3 billion. Despite the reduction, the real estate business remained PT Ciputra Development Tbk's primary source of revenue. Because the decrease in real estate income was driven by a decline in revenue recognition, the researcher predicted that the company's revenue from the real estate segment would continue to grow in the following years.

This estimate was supported by the launch of two projects (the CitraLand Kedamean landed residential project in Gresik, East Java, and CitraLand Tanjung Morawa, Deli Megapolitan City) and more than 15 new clusters throughout 2022, successfully recording pre-sales of 2,253 units or the equivalent of IDR 3,7 trillion (45% of total pre-sales).

Furthermore, management aimed for an 8% increase in pre-sales, with the primary focus on producing landed residential products at costs accessible to all sectors of society. In addition, the Company's strategic expansion plan will include the launch of three (three) new township residential projects in Jakarta and its surroundings, as well as Sumatra, which will be developed through joint operations and target the lower-middle to upper-middle-class segments in response to Jakarta's strong market potential and the positive results achieved in Medan last year.

Similarly, the "Hospitality" segment demonstrated significant revenue growth from 201 billion in 2020 to 430 billion in 2022, indicating successful expansion and increased demand for hospitality services. This was supported by the decline in Covid-19 cases in Indonesia. In 2022, hotels reported revenue growth of 62% due to improved occupancy levels as community activities normalized following the easing of social restriction policies by the Government. Therefore, the researcher predicted that the hotel segment will grow over the next three years with an average growth of 11%.

Revenue earned by the "Office, Shopping Centre & Service Apartment" and "Hospital" sectors, on the other hand, varied and fluctuated over the years observed. Notably, mall revenue rose by 29% in

2022, owing to rental recovery fueled by increased mall visitor activity. However, office rental revenue decreased slightly by 2% in 2022 due to occupancy levels. Projections showed that revenue from the "Office, Shopping Centre & Service Apartment" section will fluctuate in the next years. Similarly, while hospital revenue fluctuated, it fell by 13.5% in 2022, coinciding with the diminishing influence of the COVID-19 epidemic. Nonetheless, the decrease was offset by an increase in revenue from non-COVID-19 health services. Future revenue growth for the hospital segment is expected to exhibit similar fluctuations in the upcoming years.

Looking ahead, the prospective revenue projections for PT Ciputra Development Tbk from 2023 to 2025 suggested a positive outlook for the company. Despite slight fluctuations, overall revenue growth is anticipated across all segments, indicating continued expansion and market penetration. The "Real Estate" segment is projected to maintain steady growth, with revenue expected to reach IDR8,993 billion by 2025, driven by ongoing development projects and sustained demand for residential and commercial properties. Similarly, the "Hospitality" segment was forecasted to experience continued revenue growth, reflecting PT Ciputra Development Tbk's strategic initiatives in the hospitality sector.

Furthermore, management has begun an intentional shift towards incorporating digital technology into many corporate operations, particularly product marketing techniques. This shift entails using digital marketing tools such as online media platforms, social media channels, Google Ads, WhatsApp/SMS blasts, virtual tours, and YouTube.

Moreover, there is a push to create property items that closely correspond with changing consumer preferences. By embracing digitalization, the company hopes to broaden its market reach, better communicate with target audiences, and respond quickly to changing consumer preferences. This strategy shift towards digitization is expected to strengthen the company's competitive advantage and position it for long-term success amidst changing market conditions. These prospective revenue projections underscored PT Ciputra Development Tbk's resilience and potential for sustained growth in the coming years, positioning the company favorably in the competitive real estate and hospitality markets.

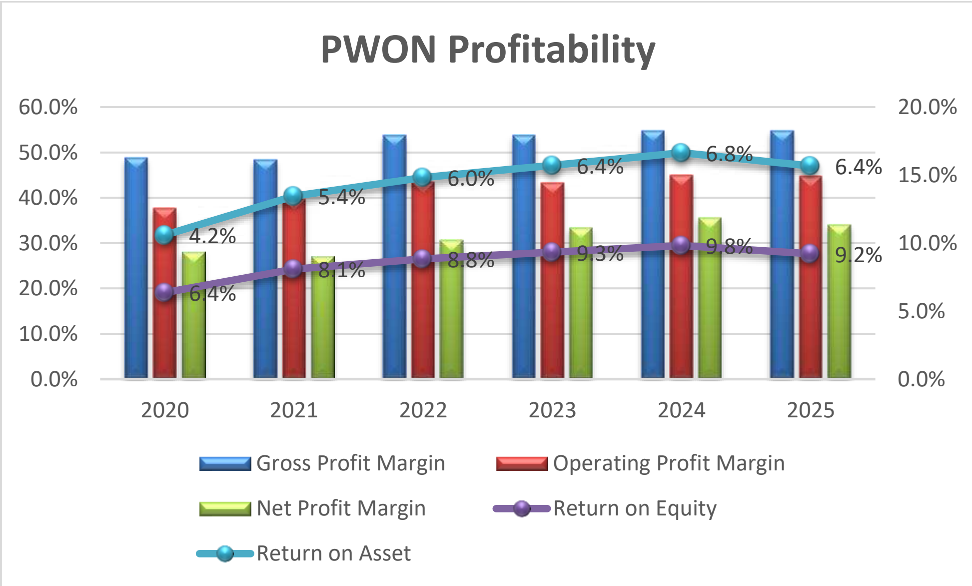

Figure 54. Historical and Prospective Profitability of PT Pakuwon Jati Tbk

The data supplied shows the profitability ratios of PT Pakuwon Jati Tbk from 2020 to 2022 previous years as well as its projected profitability estimates for 2023 to 2025. There was a noticeable trend of improvement over the previous period with continuous increase predicted in the upcoming years across a variety of profitability metrics. The company's ability to earn revenue after deducting the cost of goods sold was reflected in the gross profit margin, which increased steadily from 48.80% in 2020 to 53.76% in 2022 and is expected to reach 54.90% by 2025. This included enhanced pricing and operational tactics, which helped PT Pakuwon Jati Tbk become more profitable.

Furthermore, the operating profit margin and net profit margin have been steadily increasing over the years and are expected to continue to do so in the future. The operational profit margin, which measured the proportion of revenue remaining after subtracting operating expenses, increased from 37.73% in 2020 to 43.46% in 2022, with further growth predicted to reach 44.8% by 2025. Similarly, the net profit margin, which represented the percentage of revenue retained as net income after accounting for all expenses and taxes, increased from 28.14% in 2020 to 30.58% in 2022, with further rise expected through 2025.

Based on the data above, the analyst forecasted that the company will be able to raise both its profit margin and revenue in the upcoming years. This prediction was made due to strong strategic management, which included building additional residences, renovating and expanding shopping centers, and growing hotel segment revenue. Not only that, but PT Pakuwon Jati Tbk also utilized digital technology to support business development, one of which is by launching the Pakuwon Lifestyle application as a digitalization strategy. This application is useful for making it easier to shop at all stores in Tunjungan Plaza only through the WhatsApp application from the gadget thus increasing the company's profit. These trends in profitability ratios underscored PT Pakuwon Jati

Tbk's strengthening financial performance and ability to generate sustained returns for its shareholders over both historical and prospective periods.

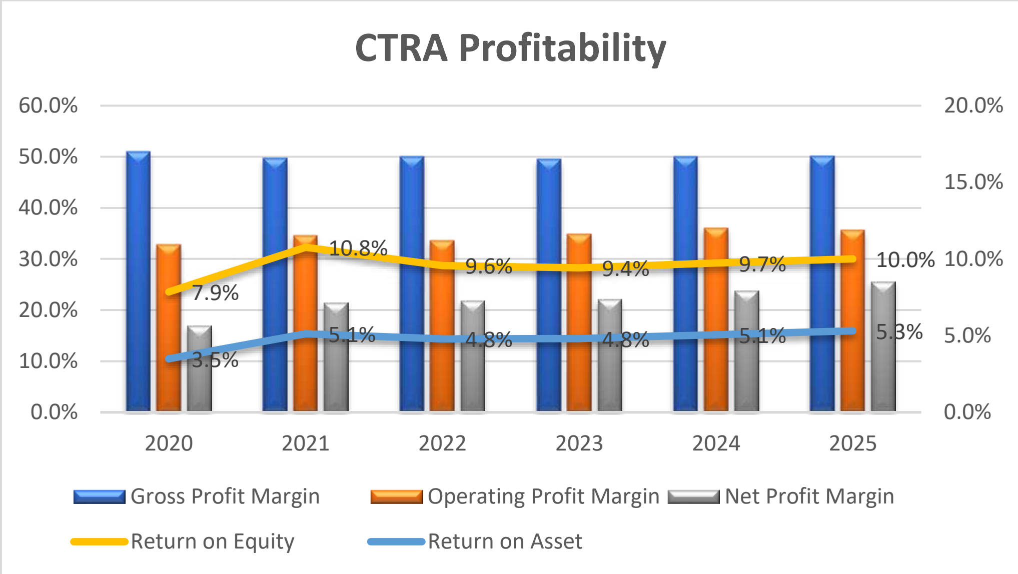

Figure 55. Historical and Prospective Profitability of PT Ciputra Development Tbk

Analysing PT Ciputra Development Tbk's historical profitability and future profitability estimates provided important information about the company's financial performance and expected trajectory. While the company has maintained a comparable degree of profitability over the years, with gross profit margins ranging from 49.74% to 51.07% and operating profit margins ranging from 32.81% to 34.61%, there are some indicators of variations in profitability metrics. Notably, the net profit margin had increased significantly from 16.98% in 2020 to 21.95% in 2022, indicating that PT Ciputra Development Tbk had the potential to create larger net income compared to revenue over time. However, the less stable profitability of the company becomes apparent when observing minor fluctuations in some profitability metrics over the years.

PT Ciputra Development Tbk's strategic initiatives, such as embracing digital technology for marketing, smart capital management, and keeping a healthy land reserve, point to strong revenue growth and profitability. By embracing strategies for digital advertising and designing products that are adapted to consumer expectations, the company hopes to broaden its market reach and increase sales volumes. Furthermore, its emphasis on maintaining a broad regional presence and broadening its product offering, together with careful capital management methods, puts it well to capitalize on new market trends and increase profitability in the real estate industry.

Looking ahead, while the researcher forecasted PT Ciputra Development Tbk's profitability from 2023 to 2025 will continue to develop supported by several indicators above, minor fluctuations are predicted in several areas. While the gross profit margin, operational profit margin, net profit margin, return on equity (ROE) and return on assets (ROA) are all likely to be positive overall, slight movements are possible. These fluctuations can be impacted by a variety of reasons, including market dynamics, economic conditions, and changes in operating expenses. Despite these changes, PT Ciputra Development Tbk remained well-positioned for long-term financial performance and growth, owing to its strategic objectives and market presence in real estate and allied sectors.

c. Asset Utilization and Efficiency Analysis

In this section, we examined asset utilization and efficiency to determine the effectiveness of resource allocation and operational efficiency at PT Pakuwon Jati Tbk and PT Ciputra Development Tbk. We used historical data to analyze the organizations' capacity to generate income from their assets, including inventory turnover, receivables turnover, and fixed asset turnover ratios. By analyzing asset utilization trends, we found areas of strength and potential for operational efficiency improvements. Furthermore, prospective research allowed us to predict future asset utilization ratios based on expected changes in business operations and market conditions. This study provided insights into how successfully these companies use their assets to grow revenue while generating value, which is useful for investors looking to evaluate their investment options.

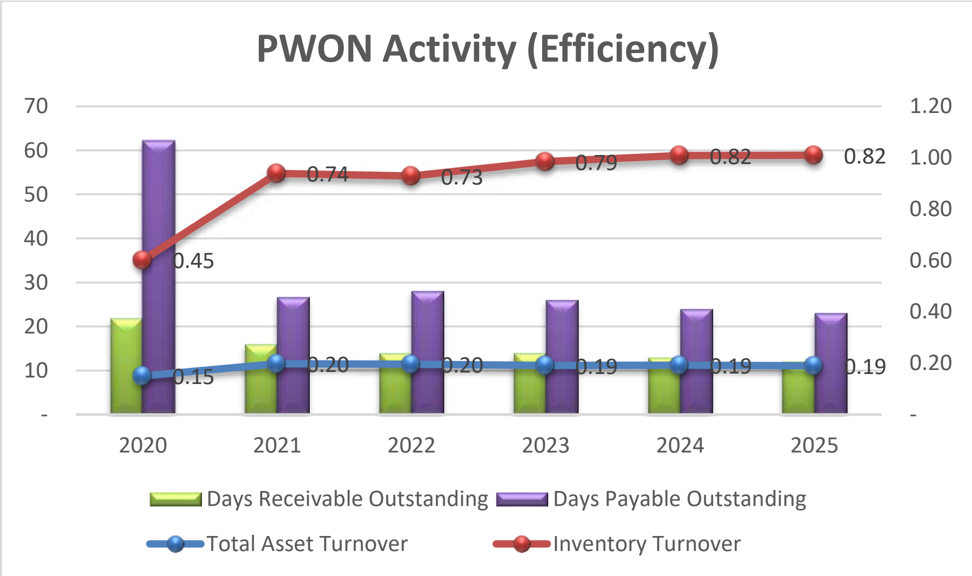

Figure 56. Historical and Prospective Activity/Efficiency of PT Pakuwon Jati Tbk

The presented data shows PT Pakuwon Jati Tbk's historical activity ratios from 2020 to 2022, as well as prospective activity ratio forecasts for 2023 to 2025. Activity ratios measured how efficiently a corporation used its assets, managed inventory, and collected receivables, providing insights into operational effectiveness and liquidity management. The total asset turnover ratio measured the company's ability to generate revenue compared to its total assets, and it improved slightly from 0.15 in 2020 to 0.20 in 2022, with reasonably consistent estimates through 2025. In addition, as the researcher estimated the revenue will continue to grow as stated in the previous section, and the total assets will also continue to grow, this will support the stability of the efficiency ratio, particularly the total asset turnover ratio for the forthcoming years.

Furthermore, the inventory turnover ratio examined how frequently a company sold and replaced its inventory during a particular period. PT Pakuwon Jati Tbk had an increase in inventory turnover from 0.45 in 2020 to 0.73 in 2022, showing better inventory management efficiency. Inventory turnover was projected to increase slightly to 0.79 in 2023, indicating the company's efforts to optimize inventory levels and reduce holding costs. This was also due to the company’s strategy in the construction of housing units so they are ready for handover thus increasing the level of inventory turnover.

Furthermore, the days receivable outstanding (DRO) and days payable outstanding (DPO) metrics demonstrated PT Pakuwon Jati Tbk's capacity to manage receivables and payables effectively. DRO decreased from 22 days in 2020 to 14 days in 2022, indicating faster receivables collection. The consistent decline over the last three years shows that the company has been successful in accelerating its receivables turnover, which is often indicative of efficient credit management practices and strong customer relationships. This reduction in DRO signifies improved liquidity and cash flow for PT Pakuwon Jati Tbk, allowing the company to reinvest funds more promptly or reduce reliance on external financing. We predicted that, in the next three periods, companies will be able to manage receivables better so that day's outstanding receivables will continue to decline. This trend is likely to be supported by ongoing efforts to enhance credit policies, strengthen collection procedures, and leverage technology solutions for receivables management. Additionally, as the company continues to expand its customer base and market reach, there may be further improvements in receivables turnover as sales volumes increase. The anticipated decline in days outstanding receivables reflects PT Pakuwon Jati Tbk's commitment to optimizing working capital management and maximizing cash flow efficiency, which bodes well for its financial health and operational performance in the future.

DPO decreased from 62 days in 2020 to 27 days in 2021, then increased slightly to 28 days in 2022, indicating stronger payables management. These developments demonstrated PT Pakuwon Jati Tbk's long-term dedication to improving operational efficiency and liquidity management. According to our predictions, the DPO will keep declining in 2023 as a result of continuous efforts to improve supplier payment terms, accelerate procurement procedures, and maintain strict cash management procedures. It is anticipated that this decline in DPO will help PT Pakuwon Jati Tbk's liquidity and financial flexibility, setting up the business for long-term, sustainable growth and value generation.

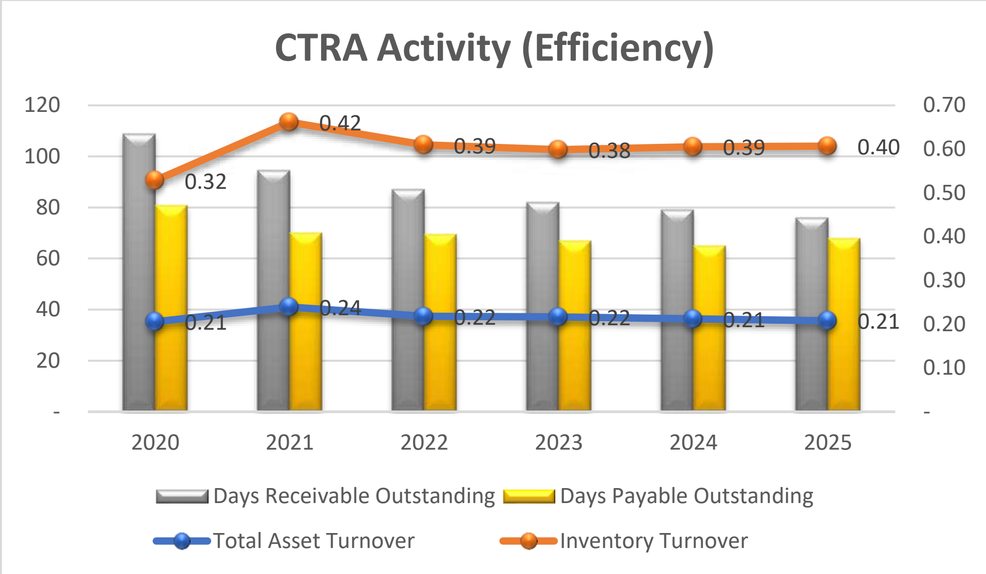

Figure 57. Historical and Prospective Activity/Efficiency of PT Ciputra Development Tbk

Analysing PT Ciputra Development Tbk's historical and forecast activity analyses provided significant information on the company's operational effectiveness and efficiency in managing assets, inventory, receivables, and payables. The total asset turnover ratio examined the company's ability to generate revenue from its assets, with values ranging from 0.21 to 0.24 between 2020 and 2022. While the ratio increased slightly in 2021, it dropped in 2022, showing a reduction in the company's efficiency in using its assets to create income. The prospective research findings demonstrating a reasonably stable total asset turnover ratio for PT Ciputra Development Tbk between 2023 and 2025 are consistent with the company's strategic efforts targeted at preserving a healthy land reserve, improving product development, and expanding market reach. By successfully utilizing its assets and maintaining a broad regional presence, the company can continue revenue production while capitalizing on market opportunities, thus supporting its long-term growth and profitability goals.

This strategic alignment demonstrates the company's dedication to prudent resource management and environmentally responsible business practices.

Furthermore, the inventory turnover ratio demonstrated PT Ciputra Development Tbk's efficiency in managing inventory levels and transforming them into sales. From 2020 to 2022, the ratio fluctuated between 0.32 and 0.42, showing changes in inventory turnover. While there was an increase in 2021, the ratio fell in 2022, indicating a potential inventory buildup or slower sales turnover. The prospective research revealed a relatively steady inventory turnover ratio between 2023 and 2025, indicating better inventory management methods and more effective sales turnover processes.

Furthermore, the days receivable outstanding (DRO) and days payable outstanding (DPO) indicators provide insight into how PT Ciputra Development Tbk manages receivables and payables. From 2020 to 2022, DRO fell from 109 to 87 days, indicating more rapid receivables collection and increased liquidity. Similarly, DPO fell from 81 to 69 days, indicating tighter control over payables and maybe better cash flow management. The prospective research predicts considerable improvements in Days Receivable Outstanding (DRO) and Days Payable Outstanding (DPO) from 2023 to 2025, which aligns with PT Ciputra Development Tbk's strategic focus on prudent capital management and operational efficiency. By efficiently managing receivables and payables, the company may improve cash flow, increase liquidity, and support its strategic growth ambitions. These efforts are consistent with the company's commitment to careful resource management and sustainable growth, allowing it to seize market opportunities and drive long-term profitability.

d. Liquidity and Solvency Analysis

In this part, we assessed the liquidity and solvency positions of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk to determine their financial stability and ability to meet short- and long-term obligations. We used historical data to investigate liquidity factors such as the current ratio, quick ratio, and cash ratio to assess the companies' capacity to meet immediate financial obligations. In addition, we evaluated solvency parameters such as the debt-to-equity ratio and interest coverage ratio to determine their capacity to satisfy long-term debt obligations and interest payments. Prospective analysis entailed forecasting future liquidity and solvency ratios based on expected changes in financial performance and capital structure. This analysis offers investors insights into the financial health and risk profiles of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk, allowing them to make more informed investment decisions.

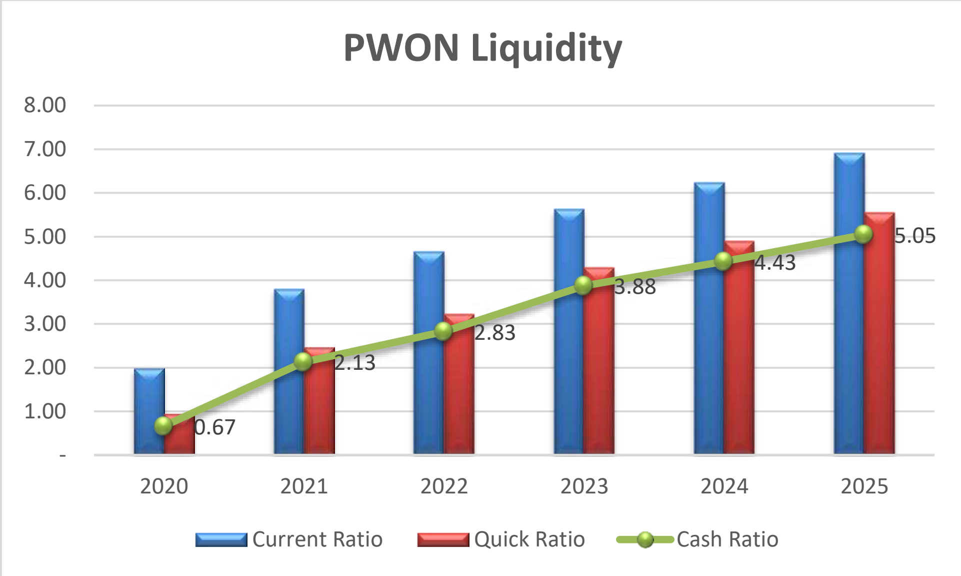

Figure 58. Historical and Prospective Liquidity of PT Pakuwon Jati Tbk

The presented data details PT Pakuwon Jati Tbk's historical liquidity ratios from 2020 to 2022, as well as future liquidity ratio forecasts for 2023 to 2025. Liquidity ratios assess a company's capacity to satisfy short-term financial obligations with its liquid assets, providing information about its financial health and ability to absorb financial shocks. The current ratio, which assessed the company's capacity to cover short-term liabilities with current assets, has increased significantly from 1.98 in 2020 to 4.65 in 2022, with a further rise expected through 2025. Furthermore, the quick ratio and cash ratio also showed a good movement over three years. Based on this good historical trend, the researcher expected the liquidity ratio will continue to rise for the following year. This prediction was supported by the good movement of current assets, especially cash over the last three years, and the increased trends of revenue supported by the good management strategy thus increasing the liquidity position of the company. This showed that PT Pakuwon Jati Tbk has greatly improved its liquidity position over time and is expected to maintain strong liquidity in the coming years, indicating a solid balance of current assets and liabilities.

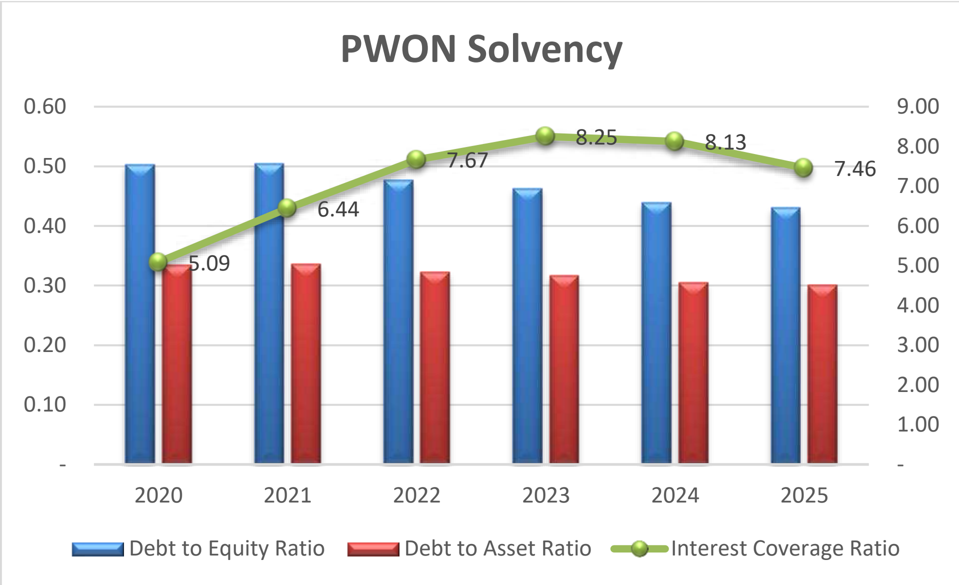

Figure 59. Historical and Prospective Solvency of PT Pakuwon Jati Tbk

The data presented shows PT Pakuwon Jati Tbk's historical solvency ratios from 2020 to 2022, as well as prospective solvency ratio projections for 2023 to 2025. Solvency ratios evaluate a company's capacity to satisfy its long-term financial obligations and responsibilities to creditors, providing information about its financial leverage and risk exposure. The debt-to-equity ratio for PT Pakuwon Jati Tbk was very constant, moving from 0.51 in 2021 to 0.48 in 2022. This showed that the company has maintained a conservative capital structure with a moderate debt-to-equity ratio, which is good for financial stability and risk management. Projections showed a slight decline in the debt-to-equity ratio through 2025, indicating potential deleveraging efforts or organic growth in equity.

Furthermore, the debt-to-asset ratio, measuring the proportion of a company's assets financed by debt, also showed a consistent downward trend over the historical and prospective periods for PT Pakuwon Jati Tbk.

This decrease from 0.33 in 2020 to 0.32 in 2022, reflected a decrease in the company's reliance on debt financing in relation to its total assets. Lower debt-to-asset ratios indicated better financial health and a lower risk of financial problems because the company's assets are financed mostly by stock rather than debt, thus the researcher predicted that this ratio will continue to decline in the following year. Furthermore, the interest coverage ratio, which measured the company's capacity to cover interest expenses with operating income, has steadily increased from 5.09 in 2020 to 7.67 in 2022, with a further rise expected through 2025. This implied that PT Pakuwon Jati Tbk has enough earnings to cover its interest payments, emphasizing the company's excellent solvency position and ability to pay off its debt obligations.

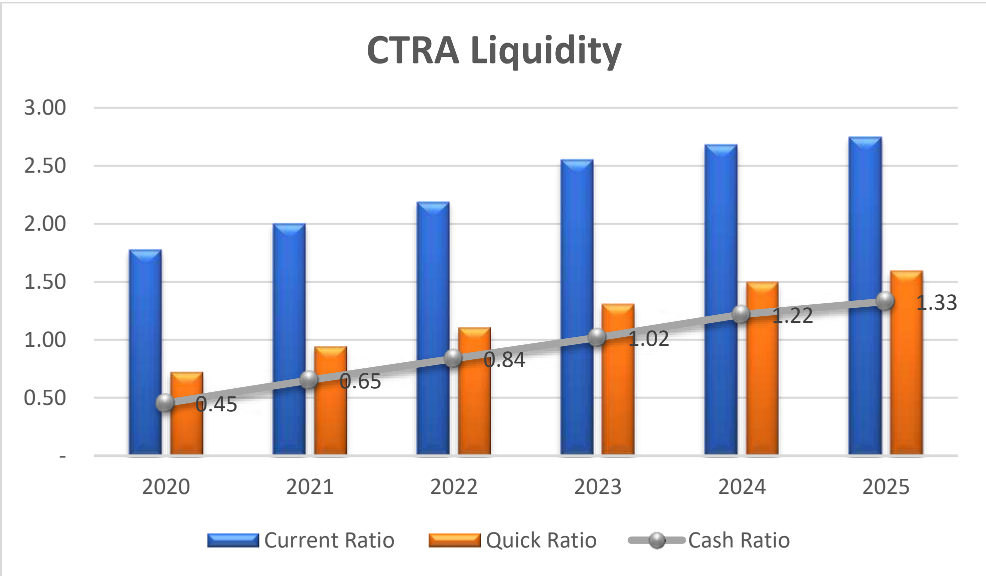

Figure 60. Historical and Prospective Liquidity of PT Ciputra Development Tbk

Analysing PT Ciputra Development Tbk's past and future liquidity analyses provides insights into the company's capacity to satisfy its current financial obligations and preserve financial flexibility. The company's ability to pay its short-term creditors with its short-term assets was gauged by the current ratio, which increased steadily from 1.78 in 2020 to 2.19 in 2022. This showed that over the historical period, PT Ciputra Development Tbk has steadily improved its liquidity circumstance, demonstrating an adequate balance between current assets and current liabilities. The prospective research suggesting an improvement in liquidity, especially with a projected increase in the current ratio to 2.75 by 2025, is consistent with PT Ciputra Development Tbk's strategic goals aimed at improving financial stability and sustainability. The company's emphasis on careful capital management, which includes the selective acquisition of land and the deferral of non-committal capital spending, shows its commitment to effective resource allocation and financial strength. This strategic method not only supports the expected increase in liquidity but also demonstrates the company's efforts to improve its ability to satisfy short-term obligations and navigate the economic downturn successfully.

Furthermore, the quick ratio and cash ratio gave additional information about PT Ciputra Development Tbk's liquidity position, concentrating on the company's capacity to satisfy short-term obligations with its most liquid assets. The quick ratio increased from 0.72 in 2020 to 1.11 in 2022, while the cash ratio increased from 0.45 in 2020 to 0.84 in 2022, indicating a comparable trend of progress over time. These improvements suggested a strengthening of liquidity and financial stability, as the company's liquid assets outweighed its short-term liabilities. Future research predicted further gains in both ratios, with the quick ratio reaching 1.60 and the cash ratio rising to 1.33 by 2025. These projections reflected PT Ciputra Development Tbk's commitment to maintaining a strong liquidity position, which is essential for managing financial risks and seizing opportunities for growth in the dynamic business environment.

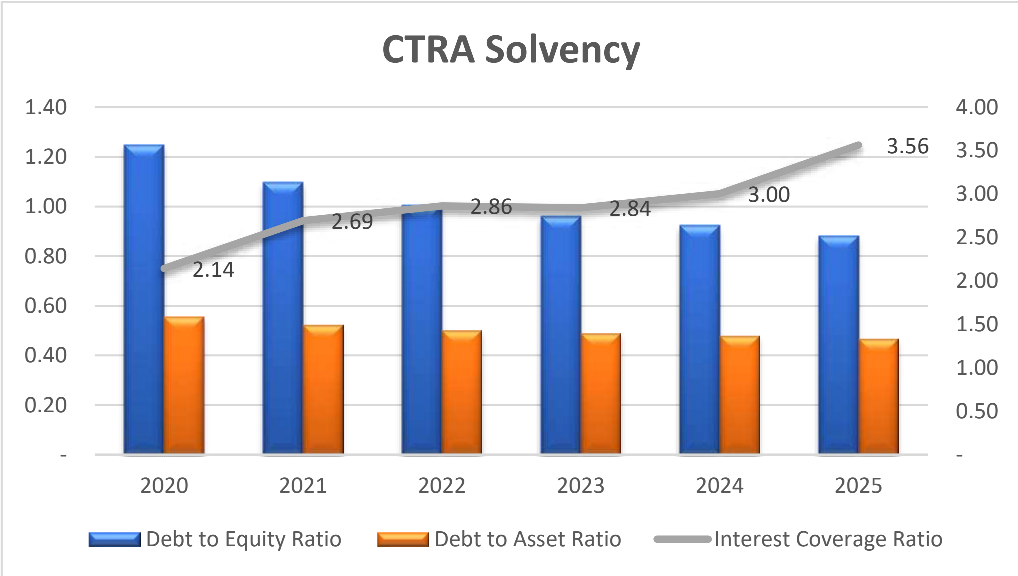

Figure 61. Historical and Prospective Solvency of PT Ciputra Development Tbk

The historical solvency study and projected solvency analysis for PT Ciputra Development Tbk provide information about the company's capacity to satisfy its long-term financial obligations as well as the general stability of its capital structure. From 1.25 in 2020 to 1.00 in 2022, the debt-to-equity ratio—which expressed the percentage of debt financing as compared to equity financing—exhibited a declining trend. This suggested that throughout the historical period, the company has gradually decreased its reliance on debt funding and strengthened its equity position, potentially lowering its financial risk and improving its solvency. According to the prospective research, solvency will continue to be strengthened, with a forecast debt-to-equity ratio of 0.88 by 2025. This demonstrated PT Ciputra Development Tbk's commitment to preserving a balanced capital structure as well as minimizing financial leverage, both of which are essential for the sustainability and long-term financial stability of the company.

Additionally, from 0.56 in 2020 to 0.50 in 2022, the debt-to-asset ratio—which represented the percentage of all assets financed by debt—also demonstrated a declining tendency. This suggested that in relation to its total assets, PT Ciputra Development Tbk had been managing its debt levels successfully, thereby lowering financial risk and strengthening its solvency position. The debt-to-asset ratio was predicted by the future analysis to continue declining, reaching 0.47 by 2025. According to this, the company is anticipated to keep improving its financial standing and lowering its dependency on debt financing, both of which are critical for preserving investor trust and assisting with future expansion plans. The historical and prospective solvency analysis highlighted PT Ciputra Development Tbk's prudent financial management practices and its commitment to maintaining a strong solvency position, positioning the company for long-term success and sustainability in the dynamic business environment.

e. Comparison of Management Strategic Analysis and Prospective Business and Financial Performance between PT Pakuwon Jati Tbk and PT Ciputra Development Tbk

After conducting the **management strategic analyses** of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk, the comparison of several key points across various aspects was concluded below:

- Synergy and Recovery Strategy

  PT Pakuwon Jati Tbk emphasizes synergy-driven recovery, focusing on collaborative efforts and sustainable property development to navigate the post-COVID-19 landscape. PT Ciputra Development Tbk also appears to prioritize recovery through sustainable practices, such as incorporating eco-friendly methods and digitalization to capitalize on growth momentum.

- Financial Performance

  Both companies exhibit strong financial performances, demonstrating effective financial management. PT Pakuwon Jati Tbk diversifies revenue streams and focuses on increasing visitor numbers, while PT Ciputra Development Tbk emphasizes efficient resource management and positive operating cash flow.

- Strategic Investments

  PT Pakuwon Jati Tbk focuses on strategic capex investments in land, property, and fixed assets to encourage long-term growth and expansion potential. Meanwhile, PT Ciputra Development Tbk invests in geographical diversification by launching new township residential projects in response to market potential and favorable results, leveraging regional diversification to meet diverse segment needs.

- Digitalization

  Both companies embrace digitalization for efficiency and growth. PT Pakuwon Jati Tbk develops the Pakuwon Lifestyle application to enhance competitiveness and boost revenue growth, while PT

Ciputra Development Tbk accelerates its digital transition to maximize growth opportunities in the property development sector, particularly through digital marketing.

- Sustainability Initiatives

  Both companies prioritize sustainability, with initiatives aimed at reducing emissions, incorporating eco-friendly methods, and efficient resource management. PT Pakuwon Jati Tbk achieves a 27% reduction in emission intensity, while PT Ciputra Development Tbk adopts the EcoCulture concept and implements LED lighting and water recycling systems.

- Corporate Governance

  Both companies demonstrate robust corporate governance structures to ensure transparency, accountability, and compliance with regulations. PT Pakuwon Jati Tbk implements anti-money laundering policies and receives awards for governance excellence, while PT Ciputra Development Tbk upholds investor trust through good corporate governance principles.

- Geographical Diversification and Strategic Partnerships

  Both companies diversify operations across different geographical locations and form strategic partnerships to enhance operations and achieve business objectives. PT Pakuwon Jati Tbk expands into various cities in Indonesia and forms partnerships to optimize operations, while PT Ciputra Development Tbk launches projects in greater Jakarta and Sumatra and collaborates with stakeholders to deliver value to customers.

- Awards and Recognitions

  Both companies receive awards and recognitions for their sustainability efforts, business performance, and excellence in the property sector, underscoring their commitment to quality, transparency, and responsible development practices.

In summary, while PT Pakuwon Jati Tbk and PT Ciputra Development Tbk have slightly different emphases in certain strategic areas, such as synergy-driven recovery for the former and a focus on efficient resource management for the latter, both companies share commonalities in prioritizing financial stability, sustainability, digitalization, corporate governance, geographical diversification, strategic partnerships, and recognition of excellence in the property sector. The strategic pillars identified in both companies collectively establish a solid foundation for resilience, growth, and long-term success within the dynamic real estate development industry. This assertion aligns with previous research conducted by López-Cabarcos et al (2015) which highlighted the significance of organizational characteristics and strategic decision-making in enhancing profitability. The ability of organizations to align their business strategies with their organizational capabilities plays a crucial role in influencing profitability across various dimensions.

Moving to the **financial performance**, the researcher found out that PWON and CTRA exhibit diverse business and financial performances and strategy approaches in the real estate and related industries.

- Revenue Growth and Profitability Analysis

Both companies succeed at revenue diversification, with PWON earning considerable income from the office, shopping center, and service apartment segments, as well as real estate and hospitality, and CTRA obtaining revenue from real estate, office, shopping centers, hotels, and healthcare. This diversification is consistent with their goals of minimizing risk from industry shifts and capitalizing on emerging opportunities. However, PWON's emphasis only on real estate development and commercial leasing differentiates it from CTRA's broader portfolio, which also includes healthcare businesses.

PWON and CTRA have different revenue growth trajectories that reflect their particular strategies and responses to market factors. PWON is experiencing strong growth in the office, retail center, and service apartment segments, owing to economic recovery, strategic alliances, and asset enhancement, with a focus on maximizing commercial property values. CTRA, on the other hand, has grown primarily through real estate enterprises, which are backed by continuous development projects and continued demand for residential and commercial properties. Both organizations prioritize digitalization and product innovation to increase market presence and sales growth, demonstrating their dedication to adaptability and operational efficiency. Good strategies developed by management will result in higher profitability for the company (Ponsian, 2014). However, PWON is expected to achieve better profitability due to effective cost management and a focused business model, while

CTRA may face higher operating costs associated with managing a diverse asset portfolio and initial digitalization investments.

- Asset Utilisation and Efficiency Analysis

  Activity ratios show how well a business generates cash and sales by utilizing the assets on its balance sheet (Gibson, 2012). Both PWON and CTRA prioritize efficient asset utilization and good receivables and payables management to drive long-term profitability in the real estate business. While CTRA has a higher total asset turnover ratio, which indicates more efficient income generation from assets, PWON is more effective in handling receivables and payables, as demonstrated by lower DRO and DPO ratios. These elements lead to PWON's improved liquidity and prudent working capital management.

- Liquidity and Solvency Analysis

  Solvency and liquidity are equally crucial, and healthy businesses are both solvent and have enough liquidity (Gibson, 2012). Both organizations display expertise in liquidity management and solvency, with PWON having higher average liquidity and superior solvency measures than CTRA. While CTRA's liquidity ratios show consistent improvement, PWON's lower leverage ratios suggest a more conservative financing approach, positioning it slightly ahead in terms of financial stability and long-term growth potential.

4.3.2 Discounted Cash Flow (DCF) Valuation

To establish the intrinsic values and investment potential of PT Pakuwon Jati Tbk and PT Ciputra Development Tbk, a detailed study of their future cash flows, terminal values, and discount rates was performed. The DCF valuation method is a fundamental tool used in finance to estimate the present value of a company's future cash flows while accounting for the time value of money. For both organizations, cash flow predictions were created using historical financial data, industry trends, and management expectations for the projected period (2023-2025). To begin, historical financial data, such as revenue, expenses, and cash flows, are collected and analyzed to understand the company's past performance and trends. Additionally, industry and macroeconomic factors are assessed to forecast future cash flows, incorporating assumptions about revenue growth, profit margins, and capital expenditures.

Once cash flow estimates had been made, a discount rate was used to compute the present value of these future cash flows. The discount rate, also known as the weighted average cost of capital (WACC), represented the company's cost of equity and debt financing, adjusted for risk. Estimating the WACC involved determining the cost of equity using the capital asset pricing model (CAPM) and the cost of debt using current interest rates and credit risk premiums. The WACC is the minimal return required by investors to cover the company's risk and opportunity cost of capital. Terminal value was computed after discounting future cash flows to their present value. It captured the value of all cash flows that occurred after the projection period. The perpetual growth approach is used to calculate terminal value, which assumes that cash flows will rise at a consistent rate indefinitely. Finally, the intrinsic value of the company was calculated by adding the present value of future cash flows to the terminal value.

a. PT Pakuwon Jati Tbk

The first stage in evaluating PT Pakuwon Jati Tbk's intrinsic value and investment potential is to calculate one of the crucial components: the discount rate. This calculation is critical in the discounted cash flow (DCF) analysis, which is the foundation for evaluating the company's intrinsic value. By calculating a suitable discount rate, significant insights about the company's long-term prospects and investment attractiveness could be obtained.

The following were the components in calculating the Weighted Average Cost of Capital (WACC) or Discount Rate of PT Pakuwon Jati Tbk:

Table 11. Weighted Average Cost of Capital (WACC) or Discount Rate of PT Pakuwon Jati Tbk

Weighted Average Cost of Capital (WACC)			
Cost of Equity (Ke)	**19.88%**	73.46%	14.60%
Cost of Debt (Kd)	**4.87%**	26.54%	1.29%
	Discount Rate		**15.89%**

Critical financial factors were analyzed to determine PT Pakuwon Jati Tbk's cost of equity and cost of debt when assessing its Weighted Average Cost of Capital (WACC). These elements were crucial in defining the overall cost of capital, which served as a standard for evaluating the company's investment opportunities and financial success.

The cost of equity, which represented the return needed by equity investors to compensate for the risk of investing in the company's stock, was calculated to be 19.88%. The result was then weighted by the proportion of equity in the company's capital structure, which is 73.46%.

The resulting cost of equity, after accounting for both risk and the company's capital structure, was calculated to be 14.60%.

Additionally, 4.88% was determined to be the cost of debt, which represents the interest rate that the business paid on its outstanding loan obligations. The weight of this value was determined by taking into account the 26.54% debt in the company's capital structure. As a result, the cost of debt was determined to be 1.30% after accounting for the company's debt level and interest rate.

The cost of equity and the cost of debt were weighted according to their respective proportions in the capital structure of the company and then added to determine the Weighted Average Cost of Capital (WACC). The WACC in this particular case was found to be 15.90%. This figure provided important insights into the firm's financial health and investment attractiveness. It reflected the average rate of return that the company needed to achieve on its investments to fulfill the expectations of both stock and debt investors.

After determining the discount rate, the terminal value was calculated to determine the NPV FCF and NPV Terminal Value, by the several components below:

Table 12. Discounted Cash Flow of PT Pakuwon Jati Tbk

Discounted Cash Flow	2023	2024	2025	2026	2027
Year Fraction	**1**	**2**	**3**	**4**	**5**
EBIT	2,814,513	3,162,808	3,417,563	3,549,342	3,846,008
Less: Tax	(11,037)	(10,552)	(12,972)	(14,579)	(17,035)
Plus : Depr & Amort	578,307	597,232	615,125	637,583	638,410
Less: Capex	630,149	677,488	731,678	714,591	840,590
Less: Change in NWC	(43,044)	245,321	318,396	283,980	298,562

Unlevered Free Cash Flow	**2,794,678**	**2,826,680**	**2,969,642**	**3,173,776**	**3,328,232**
Terminal Value					**27,794,739**
Discount Factor	**15.89%**	**15.89%**	**15.89%**	**15.89%**	**15.89%**
NPV FCF	**2,411,421**	**2,104,549**	**1,907,777**	**1,759,305**	**1,591,914**
NPV Terminal Value					13,294,395

Based on the data that was provided, forecasts were created for several financial metrics during five years, from 2023 to 2027. Over the projection period, it was forecasted that the company's operating income would rise gradually, beginning with earnings before interest and taxes (EBIT). EBIT was predicted to increase from IDR2,814 billion in 2023 to IDR3,846 billion in 2027. These numbers were important as they showed the company's earnings before deducting interest and taxes.

After deducting taxes, which were 11,037,308 in 2023 and steadily climbed to 17,034,565 in 2027, the unlevered free cash flow (UFCF) was computed. This cash flow metric measured the cash created by the company's operations after deducting operating expenses, taxes, and reinvestment needs. The UFCF figures varied from IDR2,794 billion in 2023 to IDR3,328 billion in 2027, suggesting a steady increase in cash flow creation during the expected time frame.

Furthermore, the analysis included a terminal value to account for the value of all future cash flows beyond the specified forecast period. The terminal value was calculated to be IDR27,794 billion and discounted back to the present value with a discount factor of 15.89%, leading to an NPV Terminal Value of IDR13,294 billion. Additionally, the net present value (NPV) of future cash flows was computed by discounting both the predicted cash flows and the terminal value to their present value with the supplied discount factor. The present value of the company's projected cash flows from operations was shown by the NPV FCF, which varied from IDR2,411 billion in 2023 to IDR1,591 billion in 2027.

Furthermore, the enterprise value was computed by adding the enterprise value to the cash and subtracting it from the company’s debt. The amount of enterprise value was then divided by the shares outstanding to result in the fair value per share or intrinsic value of the company.

Table 13. Intrinsic Value of PT Pakuwon Jati Tbk

Intrinsic Value	
Enterprise Value	23,069,361
Plus: Cash	7,444,245
Less: Debt	6,252,684
Equity Value	**24,260,922**
Fair Value per Share	**Rp 504**
Upside Potential	**16.61%**

To determine the equity value and fair value per share of PT Pakuwon Jati Tbk, important financial metrics have been analyzed in the assessment of the company's intrinsic value. This assessment included several key components, beginning with the computation of the Enterprise Value, which is IDR23,069 billion. The Enterprise Value represented the total value of the company's operational assets, including stock and debt capital.

The calculation of the Equity Value entailed adjustments wherein cash reserves totaling IDR7,444 billion were included, while debt liabilities amounting to IDR6,252 billion were deducted from the Enterprise Value. As a result, an equity value of IDR24,260 billion was determined, representing the estimated value attributable to PT Pakuwon Jati Tbk's stockholders.

The Fair Value per Share was calculated by dividing the Equity Value by the total number of outstanding shares. In this case, the Fair Value per Share was calculated to be IDR504, which served as a benchmark for the fair market price per share that investors may believe was suitable based on the company's underlying value. Furthermore, the analysis included an evaluation of the Upside potential, which was the possible increase in Fair Value per Share relative to the current market price. The analyst predicted a 16.61% upside potential compared to the present market price.

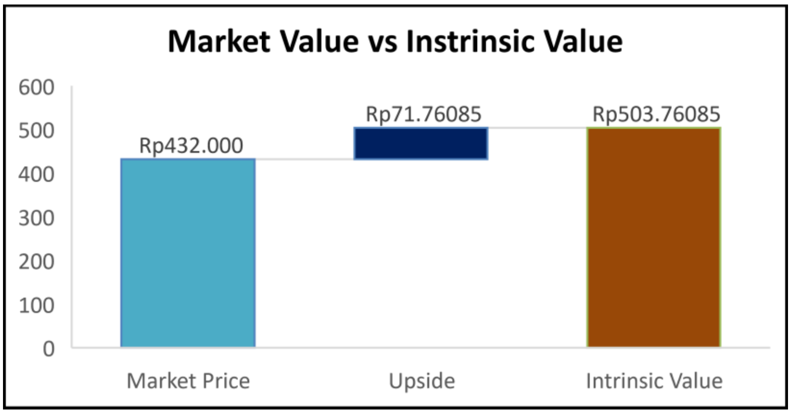

Figure 62. Graph of Market Value vs Intrinsic Value of PT Pakuwon Jati Tbk

In the analysis of PT Pakuwon Jati Tbk's market value versus intrinsic value, a critical financial analysis was carried out to determine the company's intrinsic value relative to its market price. The market price for PT Pakuwon Jati Tbk's shares was found to be Rp432 per share as of April 14, 2024. However, when compared to the computed intrinsic value of Rp504 per share, it became clear that there was a significant difference between the market price and the underlying value. This difference of Rp72 per share suggested a significant upside potential, implying that the market was undervaluing the company's shares in relation to their true underlying worth.

The intrinsic value of Rp504 per share indicated the expected fair value of PT Pakuwon Jati Tbk's shares as determined by fundamental analysis and financial measures. This figure included a wide range of factors, including the company's earnings potential, cash flow creation, and future growth prospects. By comparing the market price to the intrinsic value, investors might identify possibilities for possible capital appreciation, as the difference between the two figures represents the potential upside in the stock's value.

b. PT Ciputra Development Tbk

First, the researcher estimated the discount rate, which is an important factor in determining PT Ciputra Development Tbk's intrinsic value and investment potential. This estimate was crucial in the discounted cash flow (DCF) analysis, which was used to determine the company's intrinsic value.

The following components were used to calculate the Weighted Average Cost of Capital (WACC) or Discount Rate of PT Ciputra Development Tbk:

Table 14. Weighted Average Cost of Capital (WACC) or Discount Rate of PT Ciputra Development Tbk

Weighted Average Cost of Capital (WACC)			
Cost of Equity (Ke)	**22.97%**	67.34%	15.47%
Cost of Debt (Kd)	**7.13%**	32.66%	2.33%
Discount Rate			**17.80%**

The WACC was calculated by weighting the cost of equity (Ke) and the cost of debt (Kd) by their respective proportions in the company's capital structure. The cost of equity indicated the return expected by equity investors to compensate for the risk of investing in the company's stock. It is commonly estimated using the Capital Asset Pricing Model (CAPM), which takes into account the risk-free rate, market risk premium, and the company's beta coefficient. PT Ciputra Development Tbk's cost of equity was assessed to be 22.97%.

In the same way, the interest rate the business paid on its outstanding debt obligations was reflected in the cost of debt. The current market interest rates for debt instruments with comparable risk profiles and maturity were used to calculate it. The cost of debt for PT Ciputra Development Tbk amounted to 7.13%. Following the determination of each stock and loan cost, the costs were weighted according to their relative positions in the capital structure of the business. The percentages of debt and equity in this instance were 32.66% and 67.34%, respectively.

The WACC was determined by taking the weighted average of the cost of equity and debt. PT Ciputra Development Tbk's WACC was calculated to be 17.80%. This number showed the average rate of return that the company needed to achieve on its investments to meet the expectations of both equity and debt investors. The WACC was used as a benchmark to assess the feasibility of investment projects and determine the appropriate discount rate for valuing the company's future cash flows. A lower WACC signified reduced financing costs and increased investment attraction, whereas a higher WACC implied higher financing costs and greater investment risk.

Furthermore, the terminal value was computed to determine the NPV FCF and NPV Terminal Value, by the several components below:

Table 15. Discounted Cash Flow of PT Ciputra Development Tbk

Discounted Cash Flow	**2023**	**2024**	**2025**	**2026**	**2027**
Year Fraction	**1**	**2**	**3**	**4**	**5**
EBIT	3,448,726	3,786,101	3,962,787	4,238,089	4,423,385
Less: Tax	(57,294)	(59,962)	(66,386)	(68,554)	(73,709)
Plus : Depr & Amort	282,233	285,775	295,940	304,437	312,026
Less: Capex	436,806	461,346	407,803	417,109	455,047
Less: Change in NWC	1,633,989	(185,636)	(183,565)	529,745	350,959
Unlevered Free Cash Flow	**1,602,869**	**3,736,204**	**3,968,104**	**3,527,117**	**3,855,695**
Terminal Value					**27,907,852**
Discount Factor	**17.80%**	**17.80%**	**17.80%**	**17.80%**	**17.80%**
NPV FCF	**1,360,677**	**2,692,432**	**2,427,472**	**1,831,674**	**1,699,762**
NPV Terminal Value					12,303,020

In this discounted cash flow (DCF) analysis for PT Ciputra Development Tbk, future cash flows from 2023 to 2027 were estimated using key financial variables from the data. The earnings before interest and taxes (EBIT) for each year were described, beginning with IDR3,448 billion in 2023 and steadily growing to IDR4,423 billion in 2027. Tax charges were removed from these numbers in order to calculate the annual unlevered free cash flow (UFCF).

Furthermore, the prediction included depreciation and amortization values that ranged from 282,233 in 2023 to 312,026 in 2027. Capital expenditures (Capex) were deducted from unlevered free cash flow, and the values decreased from 436,806 in 2023 to 455,047 in 2027. Changes in net working capital (NWC) were also considered, affecting the funds available for distribution. Notably, changes in NWC are positive in 2023, 2026, and 2027 but negative in 2024 and 2025.

Furthermore, the analysis included an estimate of the terminal value, which was determined to be 27,907,852. This figure represented the perpetual value of all cash flows beyond the explicit forecast period. The terminal value was discounted to its present value using the weighted average cost of capital (WACC), which was calculated to be 17.80%. As a result, the NPV Terminal Value was calculated to be 12,303,020.

The present value of the Company was calculated by applying the WACC-derived discount factor to the expected cash flows and terminal value. The resulting NPV FCF (Net Present Value of Free Cash Flow) ranged between 1,360,677 in 2023 to 1,699,762 in 2027. These NPV estimates represented the present value of the company's future cash flows from activities that extended beyond the projection period. The DCF analysis gave a thorough review of PT Ciputra Development Tbk's financial performance and intrinsic value, allowing investors to make informed judgments regarding their investment plans.

Additionally, the enterprise value was calculated by adding all NPF FCF over 5 years projected years with the NPV Terminal Value. The intrinsic value was then analyzed by the components below:

Table 16. Intrinsic Value of PT Ciputra Development Tbk

Intrinsic Value	
Enterprise Value	22,315,036
Plus: Cash	9,042,192
Less: Debt	8,942,486
Equity Value	**22,414,742**
Fair Value per Share	**Rp 1,208**

Upside Potential	**-1.01%**

The intrinsic value of PT Ciputra Development Tbk was obtained by calculating its equity value. This procedure included numerous critical components, beginning with the Enterprise Value, which was estimated to be 22,315,036. The Enterprise Value was computed by combining the NPV FCF over 5 years and the NPV Terminal Value.

To calculate the Equity Value, cash was added to the Enterprise Value, and debt was subtracted from it. Specifically, cash holdings amounting to 9,042,192 were added, while debt obligations totaling 8,942,486 were subtracted. This generated an equity value of 22,414,742, which represents the estimated value attributable to the company's shareholders.

Subsequently, the Fair Value per Share was calculated by dividing the Equity Value by the total number of outstanding shares namely 18,560,303,397. In this case, the Fair Value per Share was calculated to be Rp 1,208. This figure represented an estimate of the fair market price per share that investors should be willing to pay based on the company's intrinsic value.

Moreover, the analysis included an assessment of the downside potential, which represented the potential decrease in the Fair Value per Share relative to the current market price. The researcher predicted the Downside Potential to be -1.01%, indicating a small downside risk relative to the estimated Fair Value per Share.

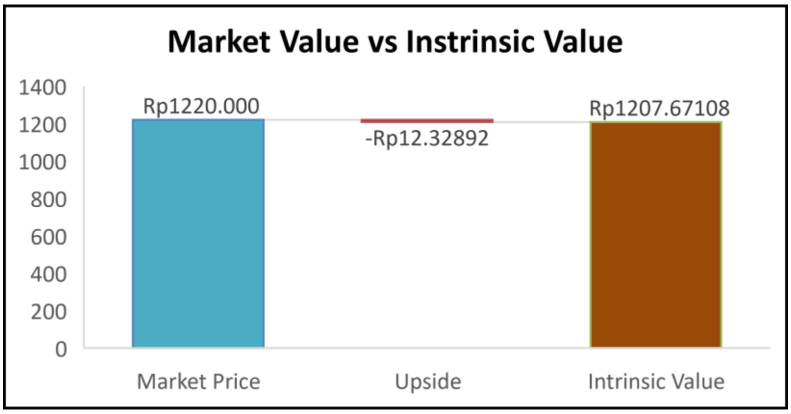

Figure 63. Graph of Market Value vs Intrinsic Value of PT Ciputra Development Tbk

In comparing the market value and intrinsic value of PT Ciputra Development Tbk, it was discovered that the market price per share was Rp1,220 as of April 14, 2024. However, the determined intrinsic value was Rp1,208. This research indicated a difference of -Rp12 per share, indicating that the market price was slightly overvalued in relation to the company's underlying value. Despite the negative upside potential, which indicates that the market price exceeded the calculated intrinsic value, investors may interpret this as a signal to be cautious in their investment decisions, given the slight difference between the market price and the intrinsic value of PT Ciputra Development Tbk's shares.

c. Comparison of DCF-Valuation between PT Pakuwon Jati Tbk and PT Ciputra Development Tbk

After conducting an in-depth discounted cash flow (DCF) valuation of both PT Pakuwon Jati Tbk (PWON) and PT Ciputra Development Tbk (CTRA), it was evident that each company has unique financial features and strategic considerations.

In the case of PT Pakuwon Jati Tbk, the final DCF valuation resulted in an intrinsic value per share of Rp504, indicating a favorable market upside potential. This valuation reflected PWON's strong financial performance and potential for future growth. Diverse revenue streams from office, retail center, real estate, and hospitality industries helped to ensure the company's sustainability and stability. Furthermore, PWON's strategic position in the Indonesian real estate market, particularly in the development of integrated townships, strengthened its competitiveness and sustainability over the long-term period.

On the other hand, PT Ciputra Development Tbk's final DCF valuation generated an intrinsic value per share of Rp1,208, indicating a slightly negative market upside potential. Despite this, CTRA has a strong brand recognition, an extensive land bank, and a diverse portfolio encompassing residential, commercial, hospitality, and healthcare divisions. However, issues such as higher debt levels and likely slower revenue growth in specific divisions may influence its price. Moreover, the negative market upside potential suggests that investors may perceive CTRA's current market price as slightly overvalued relative to its intrinsic value.

In conclusion, while both PWON and CTRA have strengths and weaknesses, their final DCF valuations provide useful information about their respective market positions and investment opportunities. The result of this study is in line with the previous research stated that if the DCF value determined exceeds the current value of the investment, the opportunity should be examined, while if the calculated value is less than the cost, the opportunity may not be viable, and additional investigation and analysis may be required before doing so (Dahlquist & Knight, 2022).

PWON's positive market upside potential reflected its solid financial performance and strategic positioning in the real estate sector, while CTRA's slight market downside potential highlighted the need for careful consideration of its financial leverage and growth prospects. These valuations helped investors evaluate each company's investment attractiveness and align their investment decisions with their financial goals and risk tolerance.

CHAPTER V
CONCLUSION

5.1 Summary

This research aimed to analyze the effectiveness of management strategies in addressing the strategic and operational challenges using the analysis of business and financial performance as measurement tools over three years in the Indonesian Real Estate Industry, particularly PT Pakuwon Jati Tbk and PT Ciputra Development Tbk. The researcher used financial analysis and prospective analysis to measure the effectiveness of management strategies applied in both companies. Based on the research carried out, the conclusions of this study were:

1. Business and Financial Performance of PT Pakuwon Jati Tbk in 2020 to 2022
   a. Financial Analysis
      1) Trend Analysis
         - Financial Position: The research demonstrated a constant growth trajectory in total assets, driven mostly by gains in cash and non-current assets, as well as growth in retained earnings, demonstrating the company's resilience and adaptation in the face of obstacles.
         - Profit or Loss: Despite initial disruptions, the company showed a strong recovery in net profit and sales revenue, demonstrating its capacity to handle uncertain market conditions and indicating a positive prognosis for future growth and profitability.
      2) Common Size Analysis
         - Financial Position: The company displayed the ability to manage current assets, particularly by increasing cash holdings and effectively

administering short-term inventories and trade accounts receivable. Furthermore, PT Pakuwon Jati Tbk proactively proceeded resources to more liquid assets, reducing current liabilities while strategically expanding non-current liabilities, suggesting a commitment to achieving a sustainable and balanced capital structure.

- Profit or Loss: PT Pakuwon Jati Tbk demonstrated resilience and proactive approaches to market issues, as illustrated by its dynamic response to cost management concerns in 2021 and subsequent rises in profitability in 2022. This emphasized the company's solid financial strategy for further stability and growth in a dynamic market environment.

3) Ratio Analysis

During the last three years period, the ratio analyses of PT Pakuwon Jati Tbk were:

- The liquidity showed a consistent increase.
- In terms of solvability, the debt-to-equity ratio and debt-to-asset ratio fluctuated slightly while the interest coverage ratio showed good improvement.
- PT Pakuwon Jati Tbk’s activity ratio showed a consistent improvement.
- The profitability of PT Pakuwon Jati Tbk showed a constant increase.
- The market ratio using EPS and P/E ratio of PT Pakuwon Jati Tbk illustrated good movement for the last three years.

4) Du Pont System Analysis

The Du Pont System analysis of PT Pakuwon Jati Tbk demonstrated a consistent increase in return on equity (ROE) across the three-year period studied, which could be attributable to a combination of slight increases in net profit margin

(NPM) and constant performance from total asset turnover (TATO) and equity multiplier (EM). This highlighted the company's effective operational management and good financial strategy, putting it on track for long-term growth and shareholder value development.

b. Prospective Analysis

1) Historical and Prospective Business and Financial Analysis

- Management Strategic Analysis

  PT Pakuwon Jati Tbk's strategic analysis underscored its resilience and forward-thinking approach, evident in its focus on synergy-driven recovery, robust financial performance, strategic investments, digitalization efforts through Pakuwon Lifestyle application, sustainability initiatives, governance excellence, geographical diversification, strategic partnerships, and industry recognition. Through innovation, sustainability, and stakeholder value creation, the company is well-equipped to navigate future challenges and seize opportunities in the property development sector.

- Revenue Growth and Profitability Analysis

  PT Pakuwon Jati Tbk was projected to have strong revenue performance indicating bright future growth profitability.

- Asset Utilization and Efficiency Analysis

  This research predicted better performance in the efficiency analysis of PT Pakuwon Jati Tbk, particularly in receivables and payables management.

- Liquidity and Solvency Analysis

  The liquidity and solvency of PT Pakuwon Jati Tbk were forecasted to have a good improvement for the foreseeable future.

2) Discounted Cash Flow (DCF) Valuation

The final DCF valuation of PT Pakuwon Jati Tbk yielded an intrinsic value of Rp504 per share, indicating a positive market upside potential. This value recognized PWON's good financial performance and potential for future expansion.

2. Business and Financial Performance of PT Ciputra Development Tbk in 2020 to 2022

   a. Financial Analysis

      1) Trend Analysis

         - Financial Position: PT Ciputra Development Tbk demonstrated outstanding handling of total assets, demonstrated by a considerable growth in cash reserves and efficient receivables processing, indicating solid liquidity and effective financial management. Additionally, a gradual increase in equity and the decreasing trend in liabilities contributed to a strong financial foundation.
         - Profit or Loss: PT Ciputra Development Tbk displayed consistent growth, as proven by an upward sales revenue and net profit trend. This demonstrated the company's strong market presence and ability to capitalize on growth opportunities, establishing it for long-term success and profitability in a changing market situation.

      2) Common Size Analysis

         - Financial Position: The company showed efficient management of current assets, good inventory and cash management, and a prudent decrease in total liabilities, showing strong financial health and effective debt management procedures. However, equity accumulation must be prioritized to develop a more balanced capital structure and long-term viability.

- Profit or Loss: PT Ciputra Development Tbk demonstrated the ability to respond to market swings through strategic cost management and revenue growth strategies (upward trend of revenue and net profit), preparing it for continuing success and resilience in a volatile market setting.

3) Ratio Analysis
   - The liquidity showed a constant increase.
   - The solvability ratio showed a good improvement.
   - In terms of activity or efficiency ratio, the total asset turnover and inventory turnover fluctuated while the days receivable and payables outstanding improved over three years.
   - The average profitability ratio of PT Ciputra Development Tbk fluctuated from year to year, however, the net profit margin showed consistent growth.
   - The market ratio using EPS and P/E ratio of PT Ciputra Development Tbk had fluctuated over three years, indicating instability in the company's financial performance.

4) Du Pont System Analysis

   The Du Pont System research revealed a favorable trend in PT Ciputra Development Tbk's profitability, as evidenced by an increase in return on equity (ROE) during the previous three years. This development, which was driven by rising net profit margin (NPM) and relatively stable total asset turnover (TATO) despite swings in equity multiplier (EM), demonstrated the company's outstanding financial management methods and ability to deliver higher returns for its shareholders.

b. Prospective Analysis

1) Historical and Prospective Business and Financial Analysis

- Management Strategic Analysis

  PT Ciputra Development Tbk's strategic analysis highlighted its commitment to corporate governance, sustainability, efficient resource management, strong cash flow management, geographical diversification, embrace of digitalization, particularly in marketing, and recognition in the industry. These pillars positioned the company for continued success and growth in the real estate development sector, ensuring it remains resilient and adaptable to evolving market dynamics.

- Revenue Growth and Profitability Analysis

  Despite slight fluctuations, this study estimated PT Ciputra Development Tbk's overall revenue growth and profitability, indicating continued expansion and market penetration.

- Asset Utilization and Efficiency Analysis

  The prospective research findings demonstrated a reasonably stable total asset turnover and inventory turnover for PT Ciputra Development Tbk and considerable improvements in Days Receivable Outstanding (DRO) and Days Payable Outstanding (DPO).

- Liquidity and Solvency Analysis

  The liquidity and solvency of PT Ciputra Development Tbk were projected to improve in the foreseeable future.

2) Discounted Cash Flow (DCF) Valuation

   PT Ciputra Development Tbk's final DCF valuation resulted in an intrinsic value per share of Rp1,208, indicating a slightly negative market upside potential. The negative market upside potential shows that investors may view CTRA's present market price as slightly overvalued in comparison to its underlying value.

5.2 Recommendation

Further research and study are expected to improve this research. The following are recommendations that can be provided regarding this research:

1. Further study is expected to enlarge the research period to obtain more samples, providing more precise research results.
2. Further study is expected to provide adequate information to reflect the actual situation. Conducting in-depth interviews or focus group discussions with company representatives would allow researchers to clarify ambiguities, verify interpretations, and capture nuanced perspectives on strategic and operational challenges faced by real estate companies.

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APPENDICES

Appendix 1. Historical Statement of Financial Position of PT Pakuwon Jati Tbk

Historical Statement of Financial Position of PT Pakuwon Jati Tbk			
	2020	**2021**	**2022**
CURRENT ASSETS			
Cash and cash equivalents	2,886,903	6,443,643	7,444,245
Trade accounts receivable	238,329	251,676	228,613
Inventories	4,511,999	3,980,700	3,779,452
Other current assets	952,793	777,021	801,156
Total Current Assets	**8,590,024**	**11,453,040**	**12,253,466**
NON-CURRENT ASSETS			
Inventories - real estate assets	2,747,534	2,731,446	3,004,535
Investment properties	12,367,265	12,023,654	11,899,787
Fixed Asset	2,355,149	2,318,296	2,326,873
Other noncurrent assets	398,834	339,644	1,117,519
Total Noncurrent Assets	**17,868,782**	**17,413,041**	**18,348,714**
TOTAL ASSETS	**26,458,805**	**28,866,081**	**30,602,180**
	2020	**2021**	**2022**
CURRENT LIABILITIES			
Trade accounts payable	347,560	215,294	212,831
Unearned income	866,599	767,830	1,009,279
Advances from customers	2,313,214	1,604,859	983,536
Current maturities of long-term bank loans	397,479	49,962	-
Other current liabilities	411,846	381,035	427,854
Total Current Liabilities	**4,336,698**	**3,018,981**	**2,633,500**
NONCURRENT LIABILITIES			
Long-term liabilities	3,549,700	5,656,871	6,248,500

Other noncurrent liabilities	973,712	1,011,791	1,001,904
Total Noncurrent Liabilities	**4,523,412**	**6,668,662**	**7,250,404**
TOTAL LIABILITIES	**8,860,110**	**9,687,643**	**9,883,904**
EQUITY **Equity attributable to owners of the company**			
Capital stock	1,566,184	1,566,184	1,566,184
Retained earnings	13,049,262	14,431,810	15,778,007
Other component of equity	20,032	48,711	-36,564
Total equity attributable to owners of the company	**14,635,479**	**16,046,706**	**17,307,627**
Noncontrolling interest	2,963,216	3,131,733	3,410,649
TOTAL EQUITY	**17,598,695**	**19,178,438**	**20,718,276**
TOTAL LIABILITIES AND EQUITY	**26,458,805**	**28,866,081**	**30,602,180**

Appendix 2. Prospective Statement of Financial Position of PT Pakuwon Jati Tbk

Prospective Statement of Financial Position of PT Pakuwon Jati Tbk

	2023	2024	2025
CURRENT ASSETS			
Cash and cash equivalents	10,975,911	12,971,271	15,513,399
Trade accounts receivable	249,029	250,547	250,866
Inventories	3,776,164	3,898,264	4,200,274
Other current assets	908,955	1,125,532	1,297,184
Total Current Assets	**15,910,059**	**18,245,614**	**21,261,722**
	-	-	-
NON-CURRENT ASSETS	-	-	-
Inventories - real estate assets	3,078,395	3,224,247	3,501,801
Investment properties	11,854,790	11,802,759	11,809,488
Fixed Asset	2,423,712	2,555,999	2,665,823
Other noncurrent assets	749,611	847,784	1,074,929
Total Noncurrent Assets	**18,106,508**	**18,430,788**	**19,052,041**
TOTAL ASSETS	**34,016,567**	**36,676,401**	**40,313,763**

	2023	2024	2025
CURRENT LIABILITIES			
Trade accounts payable	213,435	209,303	217,093
Unearned income	1,127,215	1,117,507	1,274,401
Advances from customers	1,038,805	1,093,173	1,163,650
Current maturities of long-term bank loans	29,216	31,058	22,675
Other current liabilities	422,015	476,362	396,786
Total Current Liabilities	**2,830,687**	**2,927,403**	**3,074,605**
NONCURRENT LIABILITIES			
Long-term liabilities	6,914,549	7,266,087	7,990,432
Other noncurrent liabilities	1,019,328	1,005,945	1,075,900
Total Noncurrent Liabilities	**7,933,876**	**8,272,031**	**9,066,331**
TOTAL LIABILITIES	**10,764,564**	**11,199,434**	**12,140,936**
EQUITY			
Equity attributable to owners of the company			
Capital stock	1,566,184	1,566,184	1,566,184
Retained earnings	17,638,179	19,795,017	22,052,368
Other component of equity	16,136	38,690	51,887
Total equity attributable to owners of the company	**19,220,500**	**21,399,892**	**23,670,439**
Noncontrolling interest	4,031,504	4,077,076	4,502,388
TOTAL EQUITY	**23,252,003**	**25,476,967**	**28,172,827**
TOTAL LIABILITIES AND EQUITY	**34,016,567**	**36,676,401**	**40,313,763**

Appendix 3. Historical Statement of Profit or Loss of PT Pakuwon Jati Tbk

Historical Statement of Profit or Loss of PT Pakuwon Jati Tbk			
	2020	**2021**	**2022**
Office, shoppping centre & service apartment	2,064,580	2,251,716	3,012,468
Real estate	1,677,026	3,015,694	2,117,249
Hospitality	235,606	445,864	857,715
Revenues	**3,977,211**	**5,713,273**	**5,987,433**
Cost of Revenues	2,036,318	2,949,229	2,768,692
Gross Profit	**1,940,893**	**2,764,044**	**3,218,741**
Selling expenses	(131,407)	(186,982)	(197,086)
General and Administrative expenses	(308,854)	(307,167)	(419,681)
Income from Operation	**1,500,632**	**2,269,895**	**2,601,974**
Finance costs	(294,858)	(352,403)	(339,321)
Interest income	202,313	136,947	187,465
Other income and expenses	(259,107)	(490,193)	(610,061)
Profit before Tax	**1,148,979**	**1,564,246**	**1,840,056**
Income tax expense - net	(29,866)	(13,812)	(8,926)
Profit for the year	**1,119,113**	**1,550,434**	**1,831,130**

Appendix 4. Prospective Statement of Profit or Loss of PT Pakuwon Jati Tbk

Prospective Statement of Profit or Loss of PT Pakuwon Jati Tbk			
	2023	**2024**	**2025**
Office, shoppping centre & service apartment	3,283,590	3,546,278	3,829,980
Real estate	2,265,456	2,441,029	2,648,517
Hospitality	**943,487**	**1,047,271**	**1,151,998**
Revenues	6,492,534	7,034,578	7,630,494
Cost of Revenues	**2,996,304**	**3,183,146**	**3,445,168**
Gross Profit	3,496,229	3,851,431	4,185,326
Selling expenses	(243,470)	(234,980)	(258,808)
General and Administrative expenses	(438,246)	(453,643)	(508,956)
Income from Operation	2,814,513	3,162,808	3,417,563
Finance costs	(341,121)	(389,187)	(458,373)
Interest income	181,791	243,567	257,563
Other income and expenses	(474,760)	(504,207)	(606,833)
Profit before Tax	2,180,424	2,512,981	2,609,920
Income tax expense - net	(11,037)	(10,552)	(12,972)
Profit for the year	**2,169,386**	**2,502,429**	**2,596,948**

Appendix 5. Trend Analysis of PT Pakuwon Jati Tbk's Statement of Financial Position

PT PAKUWON JATI TBK				
TREND ANALYSIS OF STATEMENT OF FINANCIAL POSITION				
Per 31 December				
	2019	**2020**	**2021**	**2022**
CURRENT ASSETS				
Cash and cash equivalents	100.00%	66.93%	149.39%	172.59%
Trade accounts receivable	100.00%	25.50%	26.93%	24.46%
Inventories	100.00%	127.78%	112.73%	107.03%
Other current assets	100.00%	110.31%	89.96%	92.75%
Total Current Assets	100.00%	89.08%	118.78%	127.08%
NON-CURRENT ASSETS				
Inventories - real estate assets	100.00%	102.60%	102.00%	112.19%
Investment properties	100.00%	110.56%	107.49%	106.38%
Fixed Asset	100.00%	113.46%	111.68%	112.09%
Other noncurrent assets	100.00%	77.74%	66.20%	217.83%
Total Noncurrent Assets	100.00%	108.61%	105.84%	111.52%
TOTAL ASSETS	100.00%	101.39%	110.62%	117.27%
CURRENT LIABILITIES				
Trade accounts payable	100.00%	104.04%	64.45%	63.71%
Unearned income	100.00%	81.37%	72.09%	94.77%
Advances from customers	100.00%	523.38%	363.11%	222.53%
Current maturities of long-term bank loans	100.00%	43.58%	5.48%	0.00%
Other current liabilities	100.00%	66.43%	61.46%	69.01%
Total Current Liabilities	100.00%	128.57%	89.50%	78.07%
NONCURRENT LIABILITIES				
Long-term liabilities	100.00%	91.30%	145.50%	160.72%
Other noncurrent liabilities	100.00%	131.83%	136.98%	135.65%
Total Noncurrent Liabilities	100.00%	97.77%	144.14%	156.72%
TOTAL LIABILITIES	100.00%	110.76%	121.10%	123.56%

EQUITY				
Equity attributable to owners of the company				
Capital stock	100.00%	100.00%	100.00%	100.00%
Retained earnings	100.00%	97.38%	107.69%	117.74%
Other component of equity	100.00%	479.94%	1167.02%	-876.00%
Total equity attributable to owners of the company	100.00%	97.76%	107.18%	115.60%
Noncontrolling interest	100.00%	94.84%	100.24%	109.17%
TOTAL EQUITY	100.00%	97.25%	105.98%	114.49%
TOTAL LIABILITIES AND EQUITY	100.00%	101.39%	110.62%	117.27%

Appendix 6. Trend Analysis of PT Pakuwon Jati Tbk's Statement of Profit or Loss

PT PAKUWON JATI TBK				
TREND ANALYSIS OF STATEMENT OF PROFIT OR LOSS				
Per 31 December				
	2019	**2020**	**2021**	**2022**
Revenues	100.00%	55.22%	79.33%	83.14%
Cost of Revenues	100.00%	64.76%	93.80%	88.06%
Gross Profit	100.00%	47.83%	68.12%	79.32%
Selling expenses	100.00%	59.18%	84.20%	88.75%
General and Administrative expenses	100.00%	80.27%	79.83%	109.07%
Income from Operation	100.00%	43.48%	65.77%	75.40%
Finance costs	100.00%	129.59%	154.88%	149.13%
Interest income	100.00%	72.08%	48.79%	66.79%
Other income and expenses	100.00%	110.99%	209.97%	261.31%
Profit before Tax	100.00%	35.13%	47.83%	56.26%
Income tax expense - net	100.00%	96.65%	44.70%	28.89%
Profit for the year	100.00%	34.54%	47.86%	56.52%

Appendix 7. Common Size Analysis of PT Pakuwon Jati Tbk's Statement of Financial Position

PT PAKUWON JATI TBK			
COMMON SIZE ANALYSIS OF STATEMENT OF FINANCIAL POSITION			
Per 31 December			
	2020	2021	2022
CURRENT ASSETS			
Cash and cash equivalents	10.91%	22.32%	24.33%
Trade accounts receivable	0.90%	0.87%	0.75%
Inventories	17.05%	13.79%	12.35%
Other current assets	3.60%	2.69%	2.62%
Total Current Assets	32.47%	39.68%	40.04%
NON-CURRENT ASSETS			
Inventories - real estate assets	10.38%	9.46%	9.82%
Investment properties	46.74%	41.65%	38.89%
Fixed Asset	8.90%	8.03%	7.60%
Other noncurrent assets	1.51%	1.18%	3.65%
Total Noncurrent Assets	67.53%	60.32%	59.96%
TOTAL ASSETS	100.00%	100.00%	100.00%
CURRENT LIABILITIES			
Trade accounts payable	1.31%	0.75%	0.70%
Unearned income	3.28%	2.66%	3.30%
Advances from customers	8.74%	5.56%	3.21%
Current maturities of long-term bank loans	1.50%	0.17%	0.00%
Other current liabilities	1.56%	1.32%	1.40%
Total Current Liabilities	16.39%	10.46%	8.61%
NONCURRENT LIABILITIES			
Long-term liabilities	13.42%	19.60%	20.42%
Other noncurrent liabilities	3.68%	3.51%	3.27%

Total Noncurrent Liabilities	17.10%	23.10%	23.69%
TOTAL LIABILITIES	33.49%	33.56%	32.30%
EQUITY			
Equity attributable to owners of the company			
Capital stock	5.92%	5.43%	5.12%
Retained earnings	49.32%	50.00%	51.56%
Other component of equity	0.08%	0.17%	-0.12%
Total equity attributable to owners of the company	55.31%	55.59%	56.56%
Noncontrolling interest	11.20%	10.85%	11.15%
TOTAL EQUITY	66.51%	66.44%	67.70%
TOTAL LIABILITIES AND EQUITY	100.00%	100.00%	100.00%

Appendix 8. Common Size Analysis of PT Pakuwon Jati Tbk's Statement of Profit or Loss

PT PAKUWON JATI TBK			
COMMON SIZE ANALYSIS OF STATEMENT OF PROFIT OR LOSS			
Per 31 December			
	2020	**2021**	**2022**
Revenues	100.00%	100.00%	100.00%
Cost of Revenues	51.20%	51.62%	46.24%
Gross Profit	48.80%	48.38%	53.76%
Selling expenses	-3.30%	-3.27%	-3.29%
General and Administrative expenses	-7.77%	-5.38%	-7.01%
Income from Operation	37.73%	39.73%	43.46%
Finance costs	-7.41%	-6.17%	-5.67%
Interest income	5.09%	2.40%	3.13%
Other income and expenses	-6.51%	-8.58%	-10.19%
Profit before Tax	28.89%	27.38%	30.73%
Income tax expense - net	-0.75%	-0.24%	-0.15%
Profit for the year	28.14%	27.14%	30.58%

Historical Statement of Financial Position of PT Ciputra Development Tbk

	2020	2021	2022
CURRENT ASSETS			
Cash and cash equivalents	5,275,686	7,161,587	9,042,192
Trade accounts receivable	2,404,206	2,516,366	2,178,763
Inventories	12,240,106	11,577,775	11,641,082
Other current assets	725,598	661,112	709,937
Total Current Assets	**20,645,596**	**21,916,840**	**23,571,974**
NON-CURRENT ASSETS			
Land for development	7,562,673	7,688,812	7,411,005
Investment properties	5,523,308	5,528,006	5,349,310
Fixed Asset	2,594,980	2,503,919	2,568,690
Other noncurrent assets	2,928,630	3,030,834	3,001,403
Total Noncurrent Assets	**18,609,591**	**18,751,571**	**18,330,408**
TOTAL ASSETS	**39,255,187**	**40,668,411**	**41,902,382**

	2020	2021	2022
CURRENT LIABILITIES			
Trade accounts payable	875,619	939,101	868,028
Unearned income	242,816	228,245	218,062
Advances from customers	6,206,156	7,140,140	7,531,068
Short-term bank loans	791,995	329,024	369,214
Current maturities of long-term bank loans	2,360,136	1,022,738	510,070
Other current liabilities	1,132,692	1,304,127	1,284,360
Total Current Liabilities	**11,609,414**	**10,963,375**	**10,780,802**
NONCURRENT LIABILITIES			
Long-term liabilities	6,871,903	8,203,282	8,037,745
Other noncurrent liabilities	3,316,342	2,107,557	2,170,903

Total Noncurrent Liabilities	**10,188,245**	**10,310,839**	**10,208,648**
TOTAL LIABILITIES	**21,797,659**	**21,274,214**	**20,989,450**
EQUITY			
Equity attributable to owners of the company			
Capital stock	8,210,096	8,210,096	8,210,096
Retained earnings	7,135,399	8,713,175	10,317,030
Other component of equity	(13,367)	47,322	(89,137)
Total equity attributable to owners of the company	**15,332,128**	**16,970,593**	**18,437,989**
Noncontrolling interest	2,125,400	2,423,604	2,474,943
TOTAL EQUITY	**17,457,528**	**19,394,197**	**20,912,932**
TOTAL LIABILITIES AND EQUITY	**39,255,187**	**40,668,411**	**41,902,382**

Appendix 10. Prospective Statement of Financial Position of PT Ciputra Development Tbk

Prospective Statement of Financial Position of PT Ciputra Development Tbk

	2023	2024	2025
CURRENT ASSETS			
Cash and cash equivalents	10,879,848	13,733,342	16,143,135
Trade accounts receivable	2,220,090	2,272,609	2,315,321
Inventories	13,031,724	13,332,502	13,909,157
Other current assets	778,806	836,468	876,476
Total Current Assets	**26,910,468**	**30,174,921**	**33,244,090**
NON-CURRENT ASSETS			
Land for development	7,914,555	8,289,713	8,740,727
Investment properties	5,473,951	5,619,080	5,700,306
Fixed Asset	2,598,622	2,629,063	2,659,700
Other noncurrent assets	2,964,632	2,835,008	3,224,694
Total Noncurrent Assets	**18,951,760**	**19,372,865**	**20,325,428**
TOTAL ASSETS	**45,862,228**	**49,547,786**	**53,569,517**
	2023	**2024**	**2025**
CURRENT LIABILITIES			
Trade accounts payable	914,268	933,850	1,033,686
Unearned income	292,749	291,977	299,938
Advances from customers	7,189,233	7,749,595	8,436,552
Short-term bank loans	385,402	367,501	355,828
Current maturities of long-term bank loans	543,516	551,252	567,101
Other current liabilities	1,355,930	1,391,254	1,451,112
Total Current Liabilities	**10,681,097**	**11,285,428**	**12,144,218**
NONCURRENT LIABILITIES			
Long-term liabilities	8,856,734	9,427,047	9,717,021
Other noncurrent liabilities	3,044,713	3,105,769	3,267,553

Total Noncurrent Liabilities	**11,901,447**	**12,532,816**	**12,984,574**
TOTAL LIABILITIES	**22,582,544**	**23,818,244**	**25,128,792**
EQUITY			
Equity attributable to owners of the company			
Capital stock	8,210,096	8,210,096	8,210,096
Retained earnings	12,332,033	14,641,935	17,276,977
Other component of equity	(22,048)	(19,467)	(23,672)
Total equity attributable to owners of the company	**20,520,081**	**22,832,564**	**25,463,401**
Noncontrolling interest	2,759,604	2,896,978	2,977,324
TOTAL EQUITY	**23,279,684**	**25,729,542**	**28,440,725**
TOTAL LIABILITIES AND EQUITY	**45,862,228**	**49,547,786**	**53,569,517**

Appendix 11. Historical Statement of Profit or Loss of PT Ciputra Development Tbk

Historical Statement of Profit or Loss of PT Ciputra Development Tbk			
	2020	**2021**	**2022**
Office, shoppping centre & service apartment	817,996	758,527	928,664
Real estate	6,596,451	8,034,333	7,187,649
Hospitality	200,818	265,696	430,218
Hospital	455,472	671,095	580,268
Revenues	8,070,737	9,729,651	9,126,799
Cost of Revenues	3,949,402	4,889,833	4,559,218
Gross Profit	4,121,335	4,839,818	4,567,581
Selling expenses	(356,561)	(367,590)	(383,169)
General and Administrative expenses	(1,166,156)	(1,177,625)	(1,256,692)
Other income and expenses	49,471	73,080	135,887
Income from Operation	2,648,089	3,367,683	3,063,607
Finance costs	(1,235,029)	(1,250,694)	(1,069,334)
Interest income	249,599	238,288	247,385
Equity in net income of associates	(3,538)	41,437	67,915
Final tax	(231,496)	(259,849)	(249,631)
Profit before Tax	1,427,625	2,136,865	2,059,942
Income tax expense - net	(56,939)	(49,149)	(56,914)
Profit for the year	1,370,686	2,087,716	2,003,028

Appendix 12. Prospective Statement of Profit or Loss of PT Ciputra Development Tbk

Prospective Statement of Profit or Loss of PT Ciputra Development Tbk			
	2023	**2024**	**2025**
Office, shoppping centre & service apartment	942,594	933,184	914,411
Real estate	7,906,414	8,443,980	8,992,839
Hospitality	481,844	527,511	587,263
Hospital	551,255	595,355	625,123
Revenues	9,882,107	10,500,031	11,119,636
Cost of Revenues	4,980,711	5,243,926	5,548,462
Gross Profit	4,901,395	5,256,105	5,571,174
Selling expenses	(395,284)	(409,501)	(389,187)
General and Administrative expenses	(1,235,263)	(1,260,004)	(1,441,592)
Other income and expenses	177,878	199,501	222,393
Income from Operation	3,448,726	3,786,101	3,962,787
Finance costs	(1,213,265)	(1,260,004)	(1,111,964)
Interest income	290,163	314,783	315,496
Equity in net income of associates	14,406	23,677	33,302
Final tax	(290,917)	(301,339)	(289,111)
Profit before Tax	2,249,114	2,563,217	2,910,512
Income tax expense - net	(57,294)	(59,962)	(66,386)
Profit for the year	2,191,819	2,503,255	2,844,125

Appendix 13. Trend Analysis of PT Ciputra Development Tbk's Statement of Financial Position

PT CIPUTRA DEVELOPMENT TBK				
TREND ANALYSIS OF STATEMENT OF FINANCIAL POSITION				
Per 31 December				
	2019	**2020**	**2021**	**2022**
CURRENT ASSETS				
Cash and cash equivalents	100.00%	124.49%	168.99%	213.36%
Trade accounts receivable	100.00%	90.43%	94.65%	81.95%
Inventories	100.00%	114.82%	108.60%	109.20%
Other current assets	100.00%	113.71%	103.61%	111.26%
Total Current Assets	100.00%	113.47%	120.45%	129.55%
NON-CURRENT ASSETS				
Land for development	100.00%	112.43%	114.31%	110.18%
Investment properties	100.00%	102.79%	102.88%	99.56%
Fixed Asset	100.00%	84.00%	81.06%	83.15%

Other noncurrent assets	100.00%	104.14%	107.77%	106.73%
Total Noncurrent Assets	100.00%	103.38%	104.17%	101.83%
TOTAL ASSETS	100.00%	108.45%	112.36%	115.77%
	2019	**2020**	**2021**	**2022**
CURRENT LIABILITIES				
Trade accounts payable	100.00%	112.62%	120.78%	111.64%
Unearned income	100.00%	99.81%	93.82%	89.64%
Advances from customers	100.00%	128.50%	147.84%	155.93%
Short-term bank loans	100.00%	88.39%	36.72%	41.20%
Current maturities of long-term bank loans	100.00%	438.71%	190.11%	94.81%
Other current liabilities	100.00%	104.47%	120.28%	118.46%
Total Current Liabilities	100.00%	138.72%	131.00%	128.82%
NONCURRENT LIABILITIES				
Long-term liabilities	100.00%	88.76%	105.96%	103.82%
Other noncurrent liabilities	100.00%	142.70%	90.69%	93.42%
Total Noncurrent Liabilities	100.00%	101.22%	102.43%	101.42%
TOTAL LIABILITIES	100.00%	118.24%	115.40%	113.86%
EQUITY				
Equity attributable to owners of the company				
Capital stock	100.00%	100.00%	100.00%	100.00%
Retained earnings	100.00%	99.85%	121.93%	144.37%
Other component of equity	100.00%	366.22%	-1296.49%	2442.11%
Total equity attributable to owners of the company	100.00%	99.87%	110.54%	120.10%
Noncontrolling interest	100.00%	88.22%	100.60%	102.73%
TOTAL EQUITY	100.00%	98.29%	109.19%	117.74%
TOTAL LIABILITIES AND EQUITY	100.00%	108.45%	112.36%	115.77%

Appendix 14. Trend Analysis of PT Ciputra Development Tbk's Statement of Profit or Loss

PT CIPUTRA DEVELOPMENT TBK				
TREND ANALYSIS OF STATEMENT OF PROFIT OR LOSS				
Per 31 December				
	2019	**2020**	**2021**	**2022**
Revenues	100.00%	106.08%	127.88%	119.96%
Cost of Revenues	100.00%	103.48%	128.12%	119.46%
Gross Profit	100.00%	108.69%	127.64%	120.46%
Selling expenses	100.00%	92.99%	95.87%	99.93%
General and Administrative expenses	100.00%	93.08%	93.99%	100.30%
Other income and expenses	100.00%	155.11%	229.13%	426.04%
Income from Operation	100.00%	121.06%	153.96%	140.06%
Finance costs	100.00%	135.65%	137.37%	117.45%
Interest income	100.00%	86.31%	82.40%	85.54%
Equity in net income of associates	100.00%	32.19%	-376.97%	-617.86%
Final tax	100.00%	97.17%	109.07%	104.78%
Profit before Tax	100.00%	108.41%	162.27%	156.43%
Income tax expense - net	100.00%	169.58%	146.38%	169.50%
Profit for the year	100.00%	106.81%	162.69%	156.09%

Appendix 15. Common Size Analysis of PT Ciputra Development Tbk's Statement of Financial Position

PT CIPUTRA DEVELOPMENT TBK			
COMMON SIZE ANALYSIS OF STATEMENT OF FINANCIAL POSITION			
Per 31 December			
	2020	**2021**	**2022**
CURRENT ASSETS			
Cash and cash equivalents	13.44%	17.61%	21.58%
Trade accounts receivable	6.12%	6.19%	5.20%
Inventories	31.18%	28.47%	27.78%
Other current assets	1.85%	1.63%	1.69%
Total Current Assets	52.59%	53.89%	56.25%
NON-CURRENT ASSETS			
Land for development	19.27%	18.91%	17.69%
Investment properties	14.07%	13.59%	12.77%
Fixed Asset	6.61%	6.16%	6.13%
Other noncurrent assets	7.46%	7.45%	7.16%
Total Noncurrent Assets	47.41%	46.11%	43.75%
TOTAL ASSETS	100.00%	100.00%	100.00%
CURRENT LIABILITIES			
Trade accounts payable	2.23%	2.31%	2.07%
Unearned income	0.62%	0.56%	0.52%
Advances from customers	15.81%	17.56%	17.97%
Short-term bank loans	2.02%	0.81%	0.88%
Current maturities of long-term bank loans	6.01%	2.51%	1.22%
Other current liabilities	2.89%	3.21%	3.07%

Total Current Liabilities	29.57%	26.96%	25.73%
NONCURRENT LIABILITIES			
Long-term liabilities	17.51%	20.17%	19.18%
Other noncurrent liabilities	8.45%	5.18%	5.18%
Total Noncurrent Liabilities	25.95%	25.35%	24.36%
TOTAL LIABILITIES	55.53%	52.31%	50.09%
EQUITY			
Equity attributable to owners of the company			
Capital stock	20.91%	20.19%	19.59%
Retained earnings	18.18%	21.42%	24.62%
Other component of equity	-0.03%	0.12%	-0.21%
Total equity attributable to owners of the company	39.06%	41.73%	44.00%
Noncontrolling interest	5.41%	5.96%	5.91%
TOTAL EQUITY	44.47%	47.69%	49.91%
TOTAL LIABILITIES AND EQUITY	100.00%	100.00%	100.00%

Appendix 16. Common Size Analysis of PT Ciputra Development Tbk's Statement of Profit or Loss

PT CIPUTRA DEVELOPMENT TBK			
COMMON SIZE ANALYSIS OF STATEMENT OF PROFIT OR LOSS			
Per 31 December			
	2020	**2021**	**2022**
Revenues	100.00%	100.00%	100.00%
Cost of Revenues	48.93%	50.26%	49.95%
Gross Profit	51.07%	49.74%	50.05%
Selling expenses	-4.42%	-3.78%	-4.20%
General and Administrative expenses	-14.45%	-12.10%	-13.77%
Other income and expenses	0.61%	0.75%	1.49%
Income from Operation	32.81%	34.61%	33.57%
Finance costs	-15.30%	-12.85%	-11.72%
Interest income	3.09%	2.45%	2.71%
Equity in net income of associates	-0.04%	0.43%	0.74%
Final tax	-2.87%	-2.67%	-2.74%
Profit before Tax	17.69%	21.96%	22.57%
Income tax expense - net	-0.71%	-0.51%	-0.62%
Profit for the year	16.98%	21.46%	21.95%

Appendix 17. Liquidity Analysis

CURRENT RATIO						
	2020	2021	2022	2023	2024	2025
PWON	1.98	3.79	4.65	5.62	6.23	6.92
CTRA	1.78	2.00	2.19	2.52	2.67	2.74

QUICK RATIO						
	2020	2021	2022	2023	2024	2025
PWON	0.94	2.48	3.22	4.29	4.90	5.55
CTRA	0.72	0.94	1.11	1.30	1.49	1.59

CASH RATIO						
	2020	2021	2022	2023	2024	2025
PWON	0.67	2.13	2.83	3.88	4.43	5.05
CTRA	0.45	0.65	0.84	1.02	1.22	1.33

Appendix 18. Solvability Analysis

DEBT TO EQUITY RATIO						
	2020	2021	2022	2023	2024	2025
PWON	0.50	0.51	0.48	0.46	0.44	0.43
CTRA	1.25	1.10	1.00	0.97	0.93	0.88

DEBT TO ASSET RATIO						
	2020	2021	2022	2023	2024	2025
PWON	0.33	0.34	0.32	0.32	0.31	0.30
CTRA	0.56	0.52	0.50	0.49	0.48	0.47

INTEREST COVERAGE RATIO						
	2020	2021	2022	2023	2024	2025
PWON	5.09	6.44	7.67	8.25	8.13	7.46
CTRA	2.14	2.69	2.86	2.84	3.00	3.56

Appendix 19. Activity Analysis

TOTAL ASSET TURNOVER RATIO						
	2020	2021	2022	2023	2024	2025
PWON	0.15	0.20	0.20	0.19	0.19	0.19
CTRA	0.21	0.24	0.22	0.22	0.21	0.21

RECEIVABLE DAYS						
	2020	2021	2022	2023	2024	2025
PWON	22	16	14	14	13	12
CTRA	109	94	87	82	79	76

PAYABLE DAYS						
	2020	2021	2022	2023	2024	2025
PWON	62	27	28	26	24	23
CTRA	81	70	69	67	65	68

INVENTORY DAYS						
	2020	2021	2022	2023	2024	2025
PWON	809	493	498	460	447	445
CTRA	1,131	864	932	955	928	915

Appendix 20. Profitability Analysis

GROSS PROFIT MARGIN						
	2020	2021	2022	2023	2024	2025
PWON	48.80%	48.38%	53.76%	53.85%	54.75%	54.85%
CTRA	51.07%	49.74%	50.05%	49.60%	50.06%	50.10%
		-1%				

NET PROFIT MARGIN						
	2020	2021	2022	2023	2024	2025
PWON	28.14%	27.14%	30.58%	33.41%	35.57%	34.03%
CTRA	16.98%	21.46%	21.95%	22.18%	23.84%	25.58%
		26%	2%			

RETURN ON ASSET						
	2020	2021	2022	2023	2024	2025
PWON	4.23%	5.37%	5.98%	6.38%	6.82%	6.44%
CTRA	3.49%	5.13%	4.78%	4.78%	5.05%	5.31%

RETURN ON EQUITY						
	2020	2021	2022	2023	2024	2025
PWON	6.36%	8.08%	8.84%	9.33%	9.82%	9.22%
CTRA	7.85%	10.76%	9.58%	9.42%	9.73%	10.00%

Appendix 21. Market Analysis

EARNINGS PER SHARE						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
PWON	23.24	32.19	38.02	45.05	51.96	53.92
CTRA	73.85	112.48	107.92	118.09	134.87	153.24
		52%	-4%			
PRICE TO EARNING RATIO						
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
PWON	18.59	13.42	11.36	9.59	8.31	8.01
CTRA	16.52	10.85	11.30	10.33	9.05	7.96

Appendix 22. Prospective Cash Flow Statement of PT Pakuwon Jati Tbk

Prospective Cash Flow Statement of PT Pakuwon Jati Tbk

	2023	2024	2025
Operating Cash Flow			
Net Earnings	1,860,172	2,156,838	2,257,350
Plus: Depreciation & Amortization	578,307	597,232	615,125
Change in AR	(20,416)	(1,518)	(319)
Change in Inv	(70,572)	(267,951)	(579,564)
Change in AP	604	(4,133)	7,790
Change in Other Assets	(107,799)	(216,578)	(171,652)
Change in Other Liability	167,366	99,007	147,794
Cash from Operations	**2,407,663**	**2,362,897**	**2,276,525**
Investing Cash Flow			
Investments in Property & Equipment	(630,149)	(677,488)	(731,678)
Change in other non current Assets	367,908	(98,172)	(227,145)
Change in other non-current liability	17,424	(13,383)	69,955
Cash from Investing	**(244,817)**	**(789,043)**	**(888,868)**
Financing Cash Flow			
Issuance (Payment) of Debt	29,216	1,841	(8,382)
Issuance (Payment) of Long Term Debt	666,048	351,538	724,345
Change in equity	673,555	68,126	438,509
Cash from Financing	**1,368,820**	**421,506**	**1,154,472**
Net Increase (decrease) in Cash	3,531,666	1,995,360	2,542,128
Opening Cash Balance	7,444,245	10,975,911	12,971,271
Closing Cash Balance	**10,975,911**	**12,971,271**	**15,513,399**

Discount Rate Calculation of PT Pakuwon Jati Tbk

Appendix 23. Capital Structure of PT Pakuwon Jati Tbk

Capital Structure		
Equity	17,307,627	73.46%
Debt	6,252,684	26.54%
TOTAL	**23,560,311**	**100%**

Appendix 24. Cost of Debt of PT Pakuwon Jati Tbk

Cost of Debt				
Debt	**Value**	**Interest**	**Proportion**	**Average**
Short-term Debt	-	#DIV/0!	0.00%	
Finance Lease Payable	4,183	0.01%	0.07%	0.00%
Long-term Debt	6,248,500	4.88%	99.93%	4.87%
Cost of Debt (Kd)	**Rp 6,252,684**		**100%**	**4.87%**

Appendix 25. Cost of Equity of PT Pakuwon Jati Tbk

Cost of Equity (CAPM)		
Risk Free	6.67%	IBPA
Risk Premium	7.38%	Damodaran
ß (Beta)	1.790	Reuters.com
Cost of Equity (Ke)	**19.88%**	

Appendix 26. Weighted Average Cost of Capital (WACC) of PT Pakuwon Jati Tbk

Weighted Average Cost of Capital (WACC)			
Cost of Equity (Ke)	**19.88%**	73.46%	14.60%
Cost of Debt (Kd)	**4.87%**	26.54%	1.29%
Discount Rate			**15.89%**

DCF Valuation of PT Pakuwon Jati Tbk

Appendix 27. DCF Valuation of PT Pakuwon Jati Tbk

Discounted Cash Flow	2023	2024	2025	2026	2027
Year Fraction	**1**	**2**	**3**	**4**	**5**
EBIT	2,814,513	3,162,808	3,417,563	3,549,342	3,846,008
Less : Tax	(11,037)	(10,552)	(12,972)	(14,579)	(17,035)
Plus : Depr & Amort	578,307	597,232	615,125	637,583	638,410
Less : Capex	630,149	677,488	731,678	714,591	840,590
Less : Change in NWC	(43,044)	245,321	318,396	283,980	298,562
Unlevered Free Cash Flow	**2,794,678**	**2,826,680**	**2,969,642**	**3,173,776**	**3,328,232**
Terminal Value					**27,794,739**
Discount Factor	**15.89%**	**15.89%**	**15.89%**	**15.89%**	**15.89%**
NPV FCF	**2,411,421**	**2,104,549**	**1,907,777**	**1,759,305**	**1,591,914**
NPV Terminal Value					13,294,395

Appendix 28. Assumptions in Determining the Valuation of PT Pakuwon Jati Tbk

Assumptions	
Tax Rate	
Discount Rate	15.89%
Terminal Growth	3.50%
Market Price	Rp 432
Share Outstanding	48,160
Debt	6,252,684
Cash	7,444,245

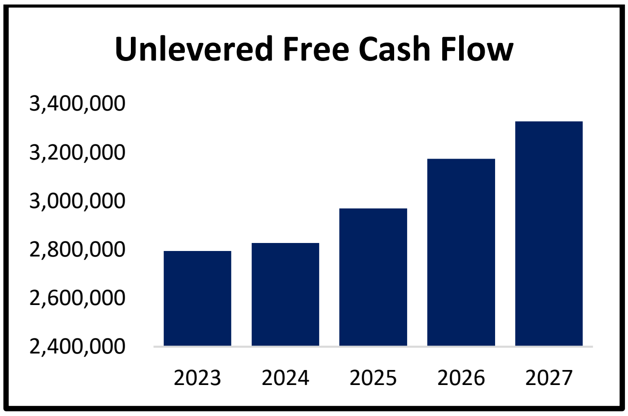
Appendix 29. Intrinsic Value of PT Pakuwon Jati Tbk

Instrinsic Value	
Enterprise Value	23,069,361
Plus : Cash	7,444,245
Less : Debt	6,252,684
Equity Value	**24,260,922**
Fair Value per Share	**Rp 504**
Upside Potential	**16.61%**

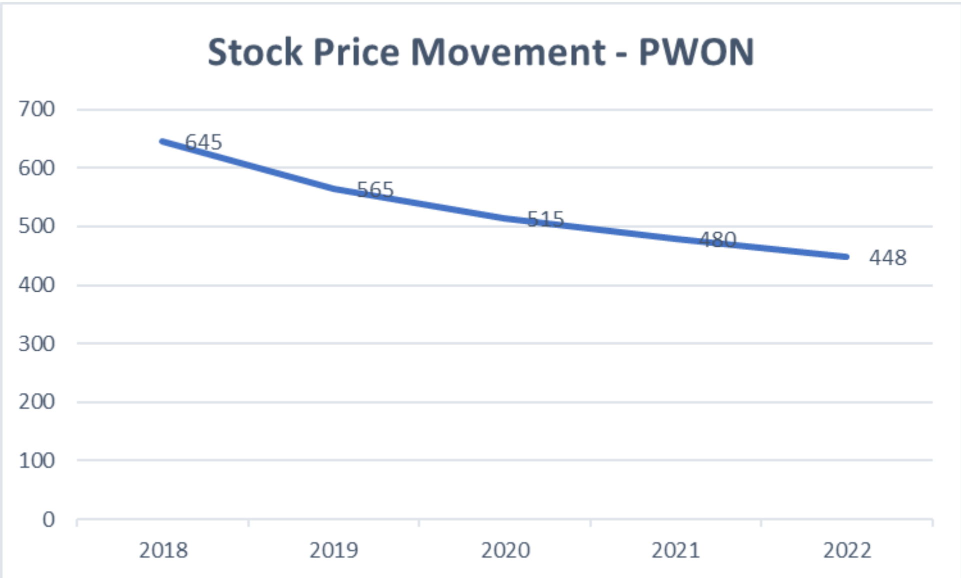
Appendix 30. Market Value vs Intrinsic Value of PT Pakuwon Jati Tbk

Market Value vs Intrinsic Value		
Market Price	Rp	432
Upside	Rp	72
Intrinsic Value	**Rp**	**504**

Appendix 31. Unlevered Free Cash Flow of PT Pakuwon Jati Tbk



Appendix 32. Stock Movement of PT Pakuwon Jati Tbk



Appendix 33. Prospective Cash Flow Statement of PT Ciputra Development Tbk

Prospective Cash Flow Statement of PT Ciputra Development Tbk

	2023	2024	2025
Operating Cash Flow			
Net Earnings	2,015,003	2,309,902	2,635,042
Plus: Depreciation & Amortization	282,233	285,775	295,940
Change in AR	(41,327)	(52,520)	(42,712)
Change in Inv	(1,894,192)	(675,936)	(1,027,669)
Change in AP	46,240	19,582	99,836
Change in Other Assets	(68,869)	(57,662)	(40,009)
Change in Other Liability	(420,374)	766,786	729,236
Cash from Operations	**(81,286)**	**2,595,928**	**2,649,665**
Investing Cash Flow			
Investments in Property & Equipment	(436,806)	(461,346)	(407,803)
Change in other non current Assets	36,771	129,624	(389,686)
Change in other non-current liability	873,810	61,055	161,785
Cash from Investing	**473,775**	**(270,667)**	**(635,704)**
Financing Cash Flow			
Issuance (Payment) of Debt	33,446	7,736	15,850
Issuance (Payment) of Long Term Debt	818,989	570,313	289,973
Change in equity	351,749	139,956	76,141
Cash from Financing	**1,204,184**	**718,005**	**381,964**
Net Increase (decrease) in Cash	1,596,673	3,043,266	2,395,925
Opening Cash Balance	9,042,192	10,638,865	13,682,131
Closing Cash Balance	**10,638,865**	**13,682,131**	**16,078,056**

Discount Rate Calculation of PT Ciputra Development Tbk

Appendix 34. Capital Structure of PT Ciputra Development Tbk

Capital Structure		
Equity	18,437,989	67.34%
Debt	8,942,486	32.66%
TOTAL	**27,380,475**	**100%**

Appendix 35. Cost of Debt of PT Ciputra Development Tbk

Cost of Debt					
Debt		**Value**	**Interest**	**Proportion**	**Average**
Short-term Debt		369,214	7.08%	4.13%	0.29%
Finance Lease Payable		-	0.00%	0.00%	0.00%
Long-term Debt		8,573,272	7.13%	95.87%	6.84%
Cost of Debt (Kd)	**Rp**		**8,942,486**	**100%**	**7.13%**

Appendix 36. Cost of Equity of PT Ciputra Development Tbk

Cost of Equity (CAPM)		
Risk Free	6.67%	IBPA
Risk Premium	7.38%	Damodaran
ß (Beta)	2.210	5 Years BETA (Reuters)
Cost of Equity (Ke)	**22.97%**	

Appendix 37. Weighted Average Cost of Capital of PT Ciputra Development Tbk

Weighted Average Cost of Capital (WACC)			
Cost of Equity (Ke)	**22.97%**	67.34%	15.47%
Cost of Debt (Kd)	**7.13%**	32.66%	2.33%
Discount Rate			**17.80%**

DCF Valuation of PT Ciputra Development Tbk

Appendix 38. DCF Valuation of PT Ciputra Development Tbk

Discounted Cash Flow	2023	2024	2025	2026	2027
Year Fraction	**1**	**2**	**3**	**4**	**5**
EBIT	3,448,726	3,786,101	3,962,787	4,238,089	4,423,385
Less : Tax	(57,294)	(59,962)	(66,386)	(68,554)	(73,709)
Plus : Depr & Amort	282,233	285,775	295,940	304,437	312,026
Less : Capex	436,806	461,346	407,803	417,109	455,047
Less : Change in NWC	1,633,989	(185,636)	(183,565)	529,745	350,959
Unlevered Free Cash Flow	**1,602,869**	**3,736,204**	**3,968,104**	**3,527,117**	**3,855,695**
Terminal Value					**27,907,852**
Discount Factor	**17.80%**	**17.80%**	**17.80%**	**17.80%**	**17.80%**
NPV FCF	**1,360,677**	**2,692,432**	**2,427,472**	**1,831,674**	**1,699,762**
NPV Terminal Value					12,303,020

Appendix 39. Assumptions in Determining the Valuation of PT Ciputra Development Tbk

Assumptions		
Tax Rate		
Discount Rate	17.80%	
Terminal Growth	3.50%	
Market Price	Rp	1,220
Share Outstanding		18,560
Debt		8,942,486
Cash		9,042,192

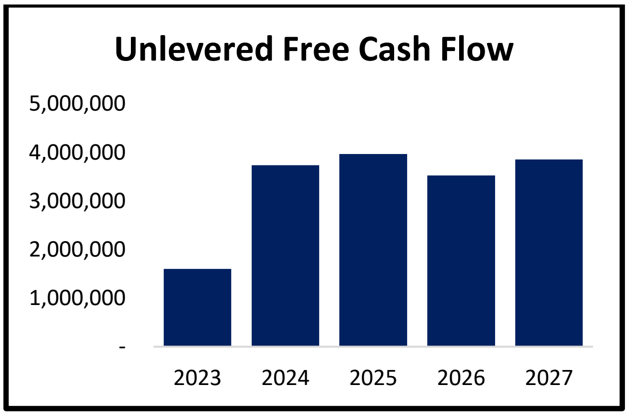
Appendix 40. Intrinsic Value of PT Ciputra Development Tbk

Instrinsic Value		
Enterprise Value	22,315,036	
Plus : Cash	9,042,192	
Less : Debt	8,942,486	
Equity Value	**22,414,742**	
Fair Value per Share	**Rp**	**1,208**
Upside Potential	**-1.01%**	

Appendix 41. Market Value vs Intrinsic Value of PT Ciputra Development Tbk

Market Value vs Intrinsic Value		
Market Price	Rp	1,220
Upside	-Rp	12
Intrinsic Value	**Rp**	**1,208**

Appendix 42. Unlevered Free Cash Flow of PT Ciputra Development Tbk



Appendix 43. Stock Price Movement of PT Ciputra Development Tbk