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Company Financial Report Analysis
(Case Study of PT Pakuwon Jati Tbk)

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ABSTRACT

This article aims to analyze the financial ratios of PT Pakuwon Jati Tbk during the 2023 period in order to evaluate the company's financial performance. The financial ratios used include liquidity, solvency, profitability, activity, market and dividend policy ratios. The results of the analysis show that PT Pakuwon Jati Tbk has a stable level of liquidity, the company's solvency shows low dependence on debt, In terms of profitability, PWON shows efficiency in cost management and the ability to generate competitive profits. However, there are variations in asset management efficiency; the company needs to improve inventory management, although receivables collection is carried out well. From a market perspective, the company shows attractive profits for investors, Finally, a conservative dividend policy reflects the company's strategy to retain most of the profits for reinvestment in expansion projects.

Keywords: Financial Ratios, Liquidity, Solvency, Profitability, Activity, Market Ratios and Dividend Policy

INTRODUCTION

PT Pakuwon Jati Tbk is one of the largest property developers in Indonesia, especially in the commercial and residential property sector. The company was founded in 1982 by Alexander Tedja, a businessman from Surabaya, and is headquartered in Surabaya, East Java. Pakuwon Jati is widely known for its superblock developments that combine shopping centers, offices, hotels, and apartments in one integrated area. Pakuwon Jati is known for its integrated property developments, where they combine shopping centers, offices, and residences in one area. This allows them to create an attractive ecosystem for consumers and companies, increasing the attractiveness of their projects. In addition, this business model allows Pakuwon to have a recurring source of income from their commercial properties, such as shopping centers and hotels, which supports the company's long-term financial stability. Pakuwon Jati's vision is to become a leading property company in Indonesia by providing high-quality and sustainable property solutions. The company's mission is to provide added value to customers, shareholders, and communities through innovative, sustainable, and environmentally friendly property development. With a strong and growing portfolio, PT Pakuwon Jati Tbk is committed to playing a key role in building urban environments in Indonesia and creating modern and comfortable residential and commercial areas for the community.

Table 1. Shareholders

Stockholders Name	Number of shares	Percentage
PT Pakuwon Arthaniaga	33,077,598,400	51.103%
Alexander Tedja	10,608,000	0.02%
Wong Boon Siew Ivy	500,000	0.00%
Richard Adisastra	131,040	0.00%
Public	15,070,764,960	31.30%
Total	**48,159,602,400**	**100.00%**

Source:www.pakuwonjati.com

Pakuwon Jati was established in 1982 with the aim of building Tunjungan Plaza, which became the first modern shopping center in Surabaya. In 1989, the company officially listed its shares on the Jakarta Stock Exchange. Then, in 1991, Pakuwon Jati successfully completed the Tunjungan Plaza 2, Mandiri Office Tower, and Blok M Plaza projects. The Blok M Plaza project is one of the properties owned by Pakuwon Jati in the western part of Indonesia, the result of a joint venture with Sudwikatmono through the Subentra Group. In 1994, Pakuwon Jati began developing the Laguna Indah housing complex. Furthermore, between 1996 and 2002, the company successfully completed the construction of Tunjungan Plaza 3 and 4, the Sheraton Surabaya Hotel, and the Regency Condominium. The collection of properties owned by the company along Jalan Tunjungan was then made into one area known as the Tunjungan City superblock. In 2003, Pakuwon Jati successfully completed the construction of Pakuwon Mall Surabaya. In 2007, the company acquired a plot of land in South Jakarta to develop Gandaria City, the only superblock in western Indonesia that is wholly owned and managed by Pakuwon Jati.

In 2008, the name of the Laguna Indah housing complex was changed to Pakuwon City. In 2013, the company acquired a 33% stake in Usada Insani Hospital and a 45% stake in a 4.2-hectare land on Jl. TB. Simatupang, South Jakarta, and began developing the Grand Pakuwon housing complex. In 2014, the company acquired a 67.1% stake in PT Pakuwon Permai and increased its ownership in the project on Jl. TB. Simatupang to 70%. In 2015, Pakuwon Jati opened Ascott Waterplace Surabaya, Tunjungan Plaza 5, Sheraton Grand Jakarta, and Gandaria City Hotel. In 2016, Pakuwon Jati acquired an 11-hectare land on Jl. Daan Mogot, West Jakarta, and opened the Four Points by Sheraton Surabaya Hotel. In 2017, the company expanded Pakuwon Mall Surabaya by opening Pakuwon Mall 2 and 3, and adding Tunjungan Plaza 6. In 2019, the Four Points by Sheraton Surabaya Pakuwon Indah Hotel began operating. In 2020, Pakuwon Jati launched Pakuwon Mall Surabaya 4, Pakuwon City Mall 2, and The Westin Surabaya, and acquired Hartono Mall Yogyakarta, Hartono Mall Solo, and Marriott Hotel Yogyakarta. In 2021, the company began construction of the Pakuwon Mall Bekasi superblock. In 2023, the company broke ground on Pakuwon Nusantara in the Capital of the Archipelago. In the same year, the company also planned to expand to two cities, namely Batam City, Riau Islands, and Semarang City, Central Java.

LITERATURE REVIEW

Liquidity Ratio
Liquidity ratios measure a company's ability to meet its short-term obligations, which include bill payments and current debt. Two ratios that are often used are the current ratio and the quick ratio. These ratios indicate whether a company's current assets are sufficient to meet its current obligations in the near future. Good liquidity is important for a company to maintain the stability of its cash flow (Anggraini, 2017).

Solvency Ratio
Solvency ratios assess a company's ability to meet its long-term obligations. This ratio reflects the proportion of debt to equity in a company's capital structure, with debt to equity (DER) and debt to asset (DAR) ratios as one of the metrics. A higher DER value indicates a greater dependence on debt financing, which can increase risk but also potential profitability if leverage is managed well (Jogiyanto, 2020).

Profitability Ratio
Profitability ratios describe a company's ability to generate profits from the assets and capital used. Common methods for assessing profitability include net profit margin, gross profit margin, return on assets (ROA), and return on equity (ROE). Companies that are able to achieve high profitability ratios demonstrate operational effectiveness and good potential to create value for their shareholders (Sugiharto, 2018).

Activity Ratio
Activity ratios assess how efficiently a company uses its assets to generate sales or revenue. Total asset turnover is one of the main indicators in this category, showing how effectively a company utilizes its assets in business activities. The higher this ratio, the better the company is at optimizing its assets (Martono & Harjito, 2019).

Ratio Market
Market ratios are used to assess a company's performance from the perspective of investors and the capital market. These ratios, such as Earnings per Share (EPS) and Price to Earnings Ratio (PER), provide an overview of the profitability available to shareholders as well as the market's assessment of the company's stock price. According to Brigham and Houston (2019), EPS indicates net profit per share which reflects the level of profit that can be enjoyed by common shareholders.

Dividend Policy
Dividend policy is an important decision related to how much profit is distributed to shareholders and how much is reinvested in the company. This policy is often influenced by various factors, such as the company's investment needs, profit stability, and shareholder preferences. According to Lintner (1956), companies tend to set a stable dividend policy, even though the company's profits fluctuate.

METHOD
This article adopts a quantitative approach through a descriptive method to analyze the financial ratios of PT Pakuwon Jati Tbk. The quantitative approach was chosen because this study focuses on collecting numerical data which is then processed and analyzed statistically to obtain an overview of the company's financial performance. The descriptive method is used

to provide an explanation and interpretation of the company's financial condition based on the results of the financial ratio analysis obtained.

Data Types

This article utilizes secondary data in the form of the annual financial report of PT Pakuwon Jati Tbk which is officially published through the Indonesia Stock Exchange (IDX) website and the company's website. The data collected includes the balance sheet, income statement, and cash flow statement for 2023. This data is used to calculate and analyze the company's financial ratios.

Data collection technique

Data were collected using the documentation method by collecting and reviewing the financial reports of PT Pakuwon Jati Tbk that are available to the public. These reports are accessed through official sources, such as the Indonesia Stock Exchange and the company's website. The collected data were then analyzed to calculate the financial ratios that are the main focus inarticleThis.

Variables

The variables analyzed in this article are financial ratios, which consist of:

a. **Liquidity Ratio**:
Current Ratio= Current Assets / Current Liabilities
Quick Ratio= (Current Assets - Inventory) / Current Liabilities

b. **Solvency Ratio**:
Debt to Equity Ratio (DER)= Total Liabilities / Shareholders' Equity
Debt to Assets Ratio (DAR)= Total Liabilities / Total Assets

c. **Profitability Ratio**:
Gross Profit Margin= Gross Profit / Net Sales
Net Profit Margin= Net Profit / Net Sales
Return on Assets (ROA)= Net Profit / Total Assets
Return on Equity (ROE)= Net Income / Shareholders' Equity

d. **Activity Ratio**:
Inventory Turnover= COGS / Average Inventory
Total Asset Turnover= Net Sales / Total Assets
Receivable Turnover= Net Sales / Average Receivables

e. **Market Ratio**
Earning per Share(EPS) = Net profit/Number of shares outstanding
Price to Earnings Ratio (P/E Ratio) =Market price per share /EPS

f. **Dividend Policy**
Dividend per Share(DPS)= Cash dividends /Number of shares outstanding
Dividend Payout Ratio (DPR) =Dividend per share/ (EPS)

Data Analysis Techniques

The collected data is analyzed using financial ratio analysis techniques. Financial ratio analysis is done by calculating the ratios mentioned above.in the 2023 financial report. The results of this financial ratio calculation are thenreviewed to find relevance to the current situation in the company's industrial sector.

RESULTS AND DISCUSSION

Liquidity Ratio

With a current ratio of 515.59%, Pakuwon has a capacity that is much higher than its short-term liabilities. This shows that the company is very liquid and is able to pay all its current liabilities with its current assets many times over. A high current ratio like this could be an indication that Pakuwon has a conservative policy in maintaining liquidity, which helps in facing economic uncertainty or financial crises, such as recessions or market disruptions. However, Pakuwon also needs to evaluate whether this excess liquidity is better utilized in investment or expansion to increase returns. The quick ratio of 359.86% indicates that Pakuwon has very strong liquidity and is able to pay off all its short-term obligations almost three times over using only cash or easily liquid assets. Creditors may feel more confident in Pakuwon's ability to pay off its debts due to its very high liquidity. However, Pakuwon needs to consider the balance between high liquidity and investment to ensure that its assets are optimized for future growth..

Solvency Ratio

DER of 43.50% shows that Pakuwon Jati's debt is still at a moderate level and not too high. With a DER below 50%, the company is considered to be using its debt conservatively, which tends to give investors more confidence in its long-term financial stability. A moderate DER gives the company room to take on further debt if needed to fund major projects or expansion. This means that Pakuwon Jati has the financial flexibility to seek external funding without overburdening its balance sheet.

DAR of 30.31% indicates that only about one-third of Pakuwon Jati's assets are financed through debt. This is a fairly low figure, meaning the company does not rely too much on debt financing to manage its assets. This indicates good financial risk management.. With a low DAR percentage, the company has a good margin of safety, which makes it more resilient to economic fluctuations or changes in interest rates.

Profitability Ratio

GPM of 54.85% shows that Pakuwon Jati is able to manage production costs very well, keeping the cost of goods sold low in relation to revenue. In the Indonesian real estate industry, where construction and material costs often fluctuate, achieving a GPM this high indicates superior operational efficiency.This high GPM rate reflects the added value of the property, allowing Pakuwon to charge a premium price that increases profitability. Properties in premium locations in Indonesia, especially in big cities, have high demand that allows for larger profit margins..

Pakuwon Jati's NPM is 33.95%, which means the company can generate a net profit of 33.95% of its total revenue. A high NPM indicates that Pakuwon Jati is not only able to manage direct costs (such as cost of goods sold), but also other operational costs. In the real estate industry in Indonesia, licensing costs, taxes, loan interest rates, and marketing promotions can be very large, so a margin of 33.95% indicates very efficient financial management, even in the face of various additional costs..

ROA of 6.44% shows that Pakuwon Jati is able to use its assets quite efficiently to generate profits, even though the real estate industry in Indonesia generally requires large capital investments. This industry requires large funds for land acquisition, construction, and property management, so this ROA shows that Pakuwon can maximize the productivity of its large assets..

Pakuwon Jati's ROE of 11.02% is considered positive, especially considering the nature of the property business which has a long-term project cycle and is often affected by macroeconomic conditions, such as interest rates and people's purchasing power. This figure shows that despite facing various economic challenges, Pakuwon Jati has managed to provide a fairly competitive rate of return compared to other companies in the same sector..

Activity Ratio

*Inventory Turnover (*ITO) Pakuwon Jati is 0.73x, meaning that the company only sells or rotates its inventory 0.73 times in one year.. Low ITO is a common characteristic in the real estate industry due to longer sales cycles. Properties, especially those in the upper middle or premium segments, take longer to sell due to their high prices and time-consuming construction processes.

Pakuwon Jati's RTO of 25.27x shows high efficiency in collecting receivables, indicating management's ability to maintain stable cash flow, attractive payment schemes, and accuracy in credit risk management.. Part of Pakuwon Jati's revenue also comes from renting commercial space in malls or shopping centers. Revenue from rent is generally billed periodically (monthly or quarterly), which naturally increases accounts receivable turnover.

TATO Pakuwon Jati of 0.20x reflects the typical characteristics of the real estate industry, where large assets and long sales cycles contribute to lower ratios. The real estate industry tends to have very large fixed assets, including land, buildings, and other infrastructure. Because the initial investment in property is often very high, the income generated is not always comparable in the short term.

Market Ratio

Pakuwon Jati's EPS of Rp43.71 reflects good profitability, the company's ability to manage costs, and its attractiveness to investors. In the real estate industry, where profit margins can be squeezed by development costs, good management of expenses can directly contribute to increased earnings per share. This shows management's competence in controlling costs and increasing profitability. A PER of 10.71x can be considered a relatively fair valuation in the context of the real estate industry in Indonesia. When compared to the industry's average PER, this figure indicates that Pakuwon Jati's shares may not be too overvalued or undervalued..For investors, this can be seen as an opportunity if they believe the company can grow better in the future, or as a sign of caution regarding the risks involved.

Dividend Policy

Pakuwon Jati's DPS of Rp6.49 reflects the company's commitment to provide returns to shareholders, demonstrate good financial health, and support a stable dividend policy. This reflects a positive profit sharing policy and good financial performance, and could beattractiveness for investors seeking returns in the form of dividends.Pakuwon Jati's DPR of 14.85% reflects the company's policy of focusing on reinvesting profits to support growth and expansion, while still providing dividends to shareholders. The real estate market often fluctuates and is influenced by various economic factors, including interest rates, market demand, and government policies..

CONCLUSION

The conclusion of the financial ratio analysis of Pakuwon Jati (PWON) shows that the company has solid performance in various aspects. In terms of liquidity, PWON shows excellent ability to meet short-term obligations, reflecting good risk management and readiness to invest. The company's solvency structure shows low dependence on debt, which reduces financial risk. In terms of profitability, PWON shows efficiency in cost management and the ability to generate competitive profits, despite facing challenges in an industry that requires large investments. However, there are variations in asset management efficiency; the company needs to improve inventory management, although receivables collection is done well. From a market perspective, the company shows attractive profits for investors, with a relatively affordable stock price compared to competitors. Finally, a conservative dividend policy reflects the company's strategy to retain most of the profits for reinvestment in expansion projects, which is important for long-term growth in the dynamic real estate sector.

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