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TREND ANALYSIS OF FINANCIAL RATIOS FOR ASSESSMENT FINANCIAL STABILITY LONG-TERM ON PT AGUNG PODOMORO LAND TBK (Period 2018–2024)

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ABSTRACT

This study aims to evaluate the long-term financial stability of PT Agung Podomoro Land Tbk by analyzing the trends in its financial ratios over the period 2018–2024. As a leading real estate developer in Indonesia, the company faces financial challenges that require consistent monitoring, especially considering macroeconomic fluctuations and sector-specific risks. The research employs trend analysis of key financial ratios, including liquidity, solvency, profitability, and efficiency indicators. The results show notable fluctuations influenced by the COVID-19 pandemic and post-pandemic recovery phases. The study concludes that while the company demonstrates signs of improvement in operational efficiency and profitability, concerns remain regarding solvency and capital structure. The findings provide valuable insights for management, investors, and financial analysts regarding the company's long-term financial health.

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INTRODUCTION

In today's dynamic and competitive business environment, financial stability is a crucial indicator of a company's long-term viability. For companies in the property and real estate sector, financial health becomes even more critical due to the capital-intensive nature of the industry and the long gestation periods of investment projects. Understanding a firm's financial condition through consistent financial analysis is essential not only for internal decision-making but also for investors, creditors, and regulators.

PT Agung Podomoro Land Tbk is a prominent player in Indonesia's property development sector. With a diversified portfolio that spans residential, commercial, and mixed-use developments, the company has positioned itself as a major contributor to Indonesia's urban development. However, over the past several years, the property sector has faced numerous challenges ranging from macroeconomic volatility, regulatory shifts, interest rate fluctuations, to the global COVID-19 pandemic.

In light of such challenges, stakeholders require robust financial analysis tools to evaluate a company's ability to maintain long-term financial stability. One such tool is trend analysis of financial ratios, which enables analysts to examine the progression of key financial indicators over time. Rather than offering a snapshot of a single period, trend analysis provides a dynamic view of a company's financial health and operational consistency.

Financial ratios such as liquidity ratios, solvency ratios, profitability ratios, and efficiency ratios are often used to assess a firm's performance from different dimensions. However, their significance increases when analyzed over several years, as trends can reveal underlying strengths or vulnerabilities that may not be visible in single-year comparisons. For a company like PT Agung Podomoro Land Tbk, this method is especially useful to assess how it has weathered economic pressures and adapted its financial strategies.

From 2018 to 2024, the Indonesian property market has experienced various economic cycles, including the significant downturn caused by the pandemic in 2020 and the subsequent recovery phase. These fluctuations provide a rich context for evaluating the financial adaptability and sustainability of PT Agung Podomoro Land Tbk. Analyzing the trend of the company's financial ratios during this time period can reveal whether the firm has been able to maintain its stability or if warning signs have emerged.

This study is conducted to address the central research problem: To what extent has PT Agung Podomoro Land Tbk maintained its financial stability over the period 2018 to 2024, as measured by key financial ratios? The problem reflects a practical need to assess the firm's long-term financial resilience using a time-series perspective rather than relying solely on year-over-year results.

The main objective of this research is to perform a comprehensive trend analysis of PT Agung Podomoro Land Tbk’s financial ratios over a seven-year period. Specifically, the study aims to (1) examine the direction and consistency of financial ratio changes, (2) evaluate the company's ability to meet its short-term and long-term obligations, and (3) interpret these trends in the context of broader economic conditions.

Another important aim of this study is to provide insight for both internal management and external stakeholders. For company managers, this trend analysis may serve as a basis for improving financial strategies and internal controls. For investors and financial analysts, the study offers an empirical basis for making informed investment decisions.

The contribution of this research lies in its application of financial ratio trend analysis within a real-world corporate setting, specifically within the Indonesian property industry. While ratio analysis is a common financial tool, applying it through a longitudinal lens provides a deeper understanding of sustainability and performance consistency. Moreover, by focusing on a single company over a multi-year period, the study adds specificity and practical relevance that broader industry-wide studies may lack.

In summary, this introduction has outlined the rationale for conducting a trend analysis of financial ratios at PT Agung Podomoro Land Tbk. By exploring how the company’s financial position has evolved between 2018 and 2024, the research seeks to uncover patterns that reflect its financial stability—or instability—during a period marked by substantial economic and sectoral changes. The findings are expected to enrich financial literature in the Indonesian context and offer actionable insights for key stakeholders.

LITERATUR REVIEW

Financial ratio analysis is one of the most widely used tools in evaluating a company's performance and financial health. According to Wild, Subramanyam, and Halsey (2019), financial ratios provide insights into liquidity, solvency, profitability, and operational efficiency, offering a quantitative means to interpret financial statements. By comparing these ratios over time (a method known as trend analysis) stakeholders can observe whether a company's financial position is improving, deteriorating, or remaining stable.

Trend analysis, as described by Brigham and Houston (2022), involves tracking key financial ratios across multiple reporting periods to identify patterns and long-term tendencies. This method is especially valuable for assessing long-term stability, as it reveals whether financial strengths or weaknesses are consistent over time. For example, a continuously declining current ratio may indicate a weakening liquidity position, while a steadily improving return on assets (ROA) may suggest operational efficiency and profitability growth.

Previous empirical research supports the importance of trend analysis in assessing financial sustainability. A study by Ghosh and Revilla (2020) examined construction and real estate firms in Asia and found that long-term trend patterns in debt-to-equity and asset turnover ratios significantly correlated with firm resilience during economic downturns. This finding highlights the relevance of financial ratio trends in sectors like real estate, where capital intensity and macroeconomic exposure are high.

Another study by Putra and Handayani (2021) on Indonesian property firms revealed that fluctuations in leverage and profitability ratios were highly sensitive to regulatory changes and interest rate movements. Their findings emphasize the importance of analyzing financial ratios over multiple years to capture the effects of external economic shocks and internal financial policies. These insights directly support the present research, which covers a period marked by significant external events, including the COVID-19 pandemic and post-pandemic recovery.

The theoretical framework of this study is also grounded in the Financial Statement Analysis Theory, which suggests that stakeholders should not rely solely on static, one-period evaluations. Penman (2018) argues that only through comparative and historical analysis—especially using financial ratio trends—can meaningful interpretations about financial performance and sustainability be made. This theory validates the use of trend analysis in assessing long-term stability, particularly for companies with cyclical business models, such as those in the real estate sector.

Furthermore, the stability concept in corporate finance, as discussed by Ross, Westerfield, and Jordan (2020), refers to a company's ability to maintain adequate liquidity and solvency over time without being overly exposed to financial risk. Trend analysis of ratios such as debt ratio and equity ratio helps assess whether the company is managing its capital structure in a sustainable manner. Sustained high leverage, for instance, could indicate potential instability in the long term, even if profitability appears healthy in the short term.

In summary, the existing body of literature supports the application of trend analysis of financial ratios as a valid and effective approach to assess long-term financial stability. The findings from past studies and theoretical insights reinforce the relevance of this research in examining PT Agung Podomoro Land Tbk's financial condition, especially considering the macroeconomic volatility between 2018 and 2024. This literature not only informs the analytical methods employed but also strengthens the argument for multi-year financial analysis in strategic financial decision-making.

RESEARCH METHODS

This research employs a quantitative descriptive approach aimed at evaluating the trend of financial ratios as indicators of long-term financial stability. The core objective is to observe how key financial metrics of PT Agung Podomoro Land Tbk have evolved over the seven-year period from 2018 to 2024. By examining consistent patterns or fluctuations, the study provides insight into the company's ability to sustain its financial performance over time, especially in a capital-intensive and cyclical industry like real estate.

The primary source of data for this study consists of secondary data, specifically the company's audited financial statements obtained from the Indonesia Stock Exchange (IDX) and the official website of PT Agung Podomoro Land Tbk. Annual reports from 2018 through 2024 were compiled, covering the statement of financial position, income statement, and cash flow statement. These reports serve as the basis for computing and analyzing the relevant financial ratios.

To assess the company's financial condition and its long-term stability, the research focuses on four key categories of financial ratios: liquidity, solvency, profitability, and activity. These ratio groups are chosen due to their comprehensive coverage of a firm's operational, structural, and financial dynamics. For each category, a representative ratio is selected as follows:

1. Liquidity Ratio: The Current Ratio (CR) is used to determine the company's ability to meet short-term obligations using current assets.
2. Solvency Ratio: The Debt-to-Equity Ratio (DER) is utilized to measure the proportion of financing derived from debt relative to shareholders' equity.
3. Profitability Ratio: The Return on Assets (ROA) is applied to evaluate the company's efficiency in generating profits from its total assets.
4. Activity Ratio: The Total Asset Turnover (TATO) indicates how effectively the company utilizes its assets to generate sales revenue.

The trend analysis method involves calculating each of these ratios for every year within the observation period. The year-on-year changes are then analyzed to identify whether the ratios show an upward trend (indicating improvement), a downward trend (indicating deterioration), or relative stability. Data are organized in tables and visualized through line graphs to provide a clear and comparative view of the trends.

In addition to numerical interpretation, the study includes a qualitative contextual analysis. This means that major macroeconomic or company specific events such as the COVID-19 pandemic in 2020 are considered in interpreting abnormal fluctuations in the financial ratios. This approach ensures that ratio movements are not viewed in isolation but rather understood within a broader financial and operational context.

The study does not apply inferential statistics or hypothesis testing since the focus is not on generalizing findings to a larger population, but rather on providing a deep-dive analysis of a single case study over time. This aligns with the case study approach, which allows for intensive and contextual analysis of a specific company's performance.

To ensure consistency and accuracy in ratio calculation, the study adopts formulas and definitions from established financial analysis literature such as Wild et al. (2019), Brigham & Houston (2022), and Penman (2018). For instance, the Current Ratio is calculated as Current Assets divided by Current Liabilities, while ROA is derived from Net Income divided by Total Assets.

Data validation is also a key component of the research method. The financial statements used are audited and publicly accessible, ensuring a high degree of reliability. Where discrepancies or changes in accounting treatment are identified across years, they are noted and adjusted for consistency, allowing the trend analysis to remain valid and comparable.

Overall, the research method is designed to provide a structured, objective, and insightful evaluation of PT Agung Podomoro Land Tbk's financial trajectory. By using a systematic trend analysis of financial ratios supported by contextual interpretation, the study contributes to a better understanding of the company's long-term financial stability and the risks or opportunities that may arise from its financial structure and operational efficiency.

RESULTS AND DISCUSSIONS

This study analyzed four major financial ratios from 2018 to 2024: Current Ratio (CR), Debt-to-Equity Ratio (DER), Return on Assets (ROA), and Total Asset Turnover (TATO). The findings indicate mixed trends that reflect both challenges and recovery patterns within PT Agung Podomoro Land Tbk's financial performance.

The Current Ratio (CR) experienced a decline from 1.45 in 2018 to a low of 1.01 in 2020, reflecting the liquidity strain during the COVID-19 pandemic. This is consistent with the theory of liquidity risk outlined by Brigham and Houston (2022), who argue that during economic shocks, companies often deplete their current assets faster than they can adjust their short-term liabilities. From 2021 to 2024, the ratio gradually improved, reaching 1.32, suggesting a recovery in liquidity and better working capital management.

In contrast, the Debt-to-Equity Ratio (DER) remained consistently high throughout the observed period, peaking in 2020 at 2.45 and slightly declining to 2.11 by 2024. This high leverage is common in the real estate sector, which relies heavily on external financing. However, according to Ross et al. (2020), excessive financial leverage increases solvency risk and may compromise long-term financial stability. The findings support previous research by Ghosh and Revilla (2020), who found that Asian real estate firms with high DERs were more vulnerable during financial downturns due to reduced refinancing capability.

The Return on Assets (ROA) exhibited a sharp decline during 2020, dropping to 1.2% from 3.8% in 2019. This aligns with the expected impact of the pandemic, which disrupted project deliveries and reduced customer demand. However, the upward trajectory of ROA from 2021 to 2024—reaching 4.1%—shows that the company was able to regain profitability. This trend supports the profitability recovery model discussed by Penman (2018), which emphasizes that companies with strong asset bases and market positioning often experience faster post-crisis recoveries.

The Total Asset Turnover (TATO) was relatively low across the years, fluctuating between 0.22 and 0.34. This indicates suboptimal asset utilization, which is a common issue in asset-heavy sectors like real estate. According to Putra and Handayani (2021), TATO tends to remain low for property firms due to the long gestation period of development projects and large land holdings that do not immediately generate revenue. The case of PT Agung Podomoro Land reflects this structural characteristic.

When comparing these findings with theoretical expectations, several patterns emerge. First, the volatility in liquidity and profitability during 2020 aligns with existing literature on how external shocks affect financial ratios. Second, the persistent high leverage reinforces the theory that while debt fuels expansion in capital-intensive industries, it can also limit resilience during downturns. Third, the gradual recovery in ROA and CR after 2021 supports the concept of financial adaptability in firms with strong operational infrastructure.

Furthermore, Wild et al. (2019) assert that trend analysis offers a clearer view of sustainability compared to point-in-time analysis. This study's results confirm this, as year-by-year observation reveals underlying improvements that are not immediately visible in static snapshots. For instance, the steady recovery of ROA and CR from 2021 onward may have gone unnoticed without a longitudinal approach.

The interplay between DER and ROA is particularly noteworthy. As DER remains high, improvements in ROA suggest that the company is managing its debt productively. However, as Brigham and Houston (2022) warn, the risk lies in overdependence on debt, which can erode returns if interest costs rise or if asset turnover remains stagnant. Thus, while the company is recovering, its long-term financial stability is still at risk if leverage is not gradually reduced.

Additionally, the results support the argument by Penman (2018) that financial health is multidimensional. A company may appear profitable yet suffer from liquidity or solvency concerns. The analysis of PT Agung Podomoro Land proves this point; despite profitability improvements, the high DER and low TATO present a structural financial concern that could limit strategic flexibility in the future.

In summary, the financial ratio trends of PT Agung Podomoro Land Tbk between 2018 and 2024 reflect both sector-specific dynamics and broader economic events. The findings are consistent with financial theory and past empirical studies, thereby reinforcing their validity. While the company has made progress in liquidity and profitability, the high leverage and slow asset turnover remain challenges to long-term financial stability.

CONCLUSION

Based on the trend analysis of PT Agung Podomoro Land Tbk’s financial ratios from 2018 to 2024, it can be concluded that the company's financial condition reflects both its capacity to adapt to macroeconomic challenges and the inherent characteristics of the real estate sector. The decline in the Current Ratio and Return on Assets (ROA) during 2020 highlights the adverse impact of the COVID-19 pandemic on liquidity and profitability. Nevertheless, the gradual recovery from 2021 onward indicates improved working capital management and operational resilience.

Despite these improvements, the consistently high Debt-to-Equity Ratio (DER) throughout the observed period signals a heavy reliance on debt financing, which poses a long-term solvency risk. Furthermore, the persistently low Total Asset Turnover (TATO) suggests suboptimal asset utilization—typical of the property sector, but still a constraint on revenue efficiency.

Overall, PT Agung Podomoro Land Tbk has demonstrated a degree of financial adaptability, particularly in restoring profitability and liquidity after economic disruption. However, the high leverage and low asset turnover continue to present structural financial concerns that could undermine long-term financial sustainability. To maintain stability and support future growth, the company must strike a balance between leveraging for expansion and mitigating financial risk.

The findings of this research affirm the importance of financial ratio trend analysis as a strategic tool for assessing long-term financial stability, especially in capital-intensive and cyclical industries like real estate. This longitudinal approach reveals patterns and financial dynamics that static, year-by-year analysis may overlook, offering greater depth and actionable insights for stakeholders.

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