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Financial Performance Analysis of the Indonesian Property Industry: A Case Study

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Abstract

The industry of property in Indonesia has been experiencing significant growth for years. This is a case study which aimed to evaluate and analyze the business and financial performance of CTRA a leading property developer in Indonesia. Data of this study was taken from financial statements of the property industry in Indonesia which were listed in IDX during the period 2019 to 2023. Various analyses were conducted to evaluate CTRA's performance and so the property industry financial performances. The performance analysis includes business, accounting, financial, and prospective evaluations. Based on the analysis, Indonesian property industry has a high competitiveness and CTRA can alter it by using its first-mover advantage. The industry's financial performance shows a favorable trend despite a drop in 2020 due to the pandemic COVID-19; it was able to rebound after it. Meanwhile CTRA shows a remarkable growth and a strong financial position compared to the industry average.

Keywords: financial-performance, business-analysis, accounting-analysis, financial-analysis, predictive-analysis.

INTRODUCTION

Indonesia's real estate market has experienced growth over the past decades. The real estate business contributed around 2.5 percent to Indonesia's GDP in 2022 (Real Estate in Indonesia - Statistics & Facts, 2023). The Indonesian Real Estate market, driven by urbanization, foreign investment, and government initiatives, is projected to reach a value of US$9.53tn by 2024, with the residential sector contributing the most at US$8.29tn. The market is expected to grow at a CAGR of 2.28% from 2024 to 2028, reaching US$10.43tn (Real Estate - Indonesia, 2023).

The COVID-19 pandemic has profoundly impacted various sectors of the global economy, and the real estate industry is no exception. In Indonesia, a nation characterized by a rapidly expanding economy and a dynamic property market, the consequences of the pandemic have been both immediate and extensive. From residential housing to commercial real estate, the sector has encountered unprecedented challenges, including declining demand, shifting consumer preferences, and disruptions in construction and financing.

CTRA was established in year 1981, by a senior leading business figure and property developer from Indonesia. It operates 50 residential and commercial properties in 28 big cities across Indonesia and one international project in China (Ciputra Development Tbk, 2016). CTRA is known as one of the most diversified property companies in Indonesia (Haliza et al., 2021, pp. 49-58).

This investigation seeks to examine the multifaceted effects of the COVID-19 pandemic on Indonesia's real estate sector from 2019 through 2023, with CTRA serving as a comparative benchmark against industry trends. The analysis establishes a framework for business intermediaries to evaluate corporate financial performances. Employing four analytical tools proposed by Palepu et al. (2021), it scrutinizes the financial and business performances of the Indonesian property industry. The assessment concentrates on four principal dimensions: 1. Business strategy analysis, 2. Accounting analysis, 3. Financial analysis, 4. Prospective analysis.

PROBLEM STATEMENT AND OBJECTIVES OF THE STUDY

The problem statement and objective of this study are to:

1. find out the business performance of the Indonesian property industry in 2019 – 2023
2. find out the business performance of CTRA from 2019 – 2023
3. find out the financial performance of the Indonesian property industry in 2019-2023
4. find out the financial performance of CTRA. from 2019 to 2023

LITERATURE REVIEW AND RESEARCH QUESTIONS

Conducting performance analysis is a crucial step in business operations. It enables management to leverage data-driven insights for promoting organizational expansion if it is executed effectively. A performance evaluation scrutinizes the achievements of a company within a specific timeframe. Such assessments can monitor the progress of businesses. Palepu et al. (2021) introduced a financial analysis framework encompassing the following aspects: 1. Business strategy analysis, 2. Accounting analysis, 3. Financial Statement analysis, 4. Prospective analysis.

Business Strategy Analysis

Business strategy analysis entails evaluating the profit and growth potential within an industry, as well as the firm's approach to establishing a lasting competitive edge (Palepu et al, 2021). Business strategy analysis encompasses multiple interdisciplinary fields, including economics, politics, organization theory, and law. Efficiency and strategic decision-making are fundamental components within this context (Williamson, 1991). Business analysis aids companies in comprehending their present situation, visualizing potential outcomes, and identifying the most effective strategy to realize their business goals (Iberaheem, 2023).

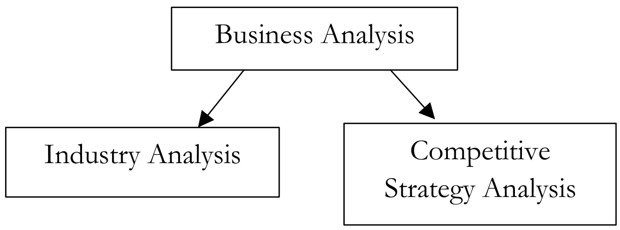

Figure 1. Business Strategy Analysis

Accounting Analysis

Accounting analysis aims to assess how well a company's financial reporting accurately reflects its underlying business operations (Palepu et al. 2021). Analysts can evaluate the quality of financial statements by assessing the suitability of a company's accounting policies, estimates, and disclosures.

Business and financial performance analysis heavily relies on precise data extracted from financial statements. Ensuring that economic events are accurately reflected is crucial. When input data is flawed, it leads to unreliable results, wasted effort, subpar financial reporting, and unreliable analysis (Bennett, 2023).

Financial Statement Analysis

The examination of financial statements serves as a tool for stakeholders, including investors, lenders, and company executives, to assess the fiscal health of a business and inform their strategic choices. (Olayinka, 2022)

Financial statement analysis enables stakeholders to evaluate a company's short-term financial flexibility, long-term earning potential, and capacity to fulfill long-term commitments. This analysis of liquidity, profitability, and solvency informs stakeholders' decisions regarding the firm's fiscal stability and future outlook (Palepu et al., 2021).

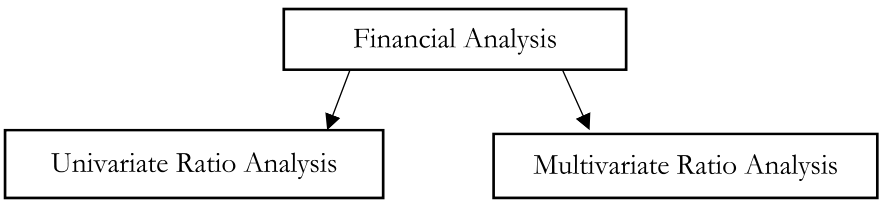

Figure 2. Financial Analysis

Prospective Analysis

Prospective analysis, as discussed by Kahneman (1977), is a decision-making approach that challenges traditional utility theory. It takes into account the potential impact of subtle changes in elicitation procedures on people's expressed values. Halicka (2017) further extends this concept to technology, proposing a reference methodology for future-oriented analysis and assessment. Yarilgaç (2018) introduces the use of prospective meta-analysis, a type of systematic review that selects studies based on eligibility criteria before their results are known, thus reducing bias. Paina (2024) emphasizes the need for more documentation and critical reflection in the application of prospective policy analysis, particularly in the context of healthcare reforms.

The questions that will be answer in the study are:

1. what are the business performance of the Indonesian property industry in 2019 – 2023
2. what are the business performance of CTRA from 2019 – 2023
3. what are the financial performance of the Indonesian property industry in 2019-2023
4. what are the financial performance of CTRA from 2019 to 2023

RESEARCH METHOD

This is a case study with an exploratory-descriptive approach. The aim of this study was to analyze the operational and financial performance of a property company, CTRA, from 2019 to 2023. Additionally, CTRA's operational and financial performance will be compared to that of the Indonesian real estate industry, represented by 10 companies within the same performance cluster.

The data were gathered from property market reports and press releases made by the State Asset Management Agency. These reports and articles are considered extensive and credible, offering a wide-angle view of the property sector's performance and trends in Indonesia. It provides valuable information on essential market metrics, such as revenue growth, company's size, and the market share of companies within the industry. The financial statements data gathered from the property sector listed in the Indonesia Stock Exchange during the year 2019 to 2023. The sources for this data include the IDX website and the official corporate sites. The data gathering methodology comprised documentations, where information from pertinent sources was compiled and then analyzed.

In the year 2019 to 2023, there were 93 property and real estate companies listed in the Indonesia Stock Exchange (BEI). For comparative analysis with CTRA, 10 companies with the same performance cluster with CTRA were selected. The methodology to select the sample was purposive sampling. Table 1 presents the Indonesian property companies which will become the focus of this study. The real name of all the companies used as the object was not fully mentioned, codes were used to represent the real names.

Table 1. List of Samples: 11 Companie's Code

No	Company's Code
1	CTRA
2	BSDE
3	PWON
4	SMRA
5	LPKR
6	DMAS
7	MTLA
8	APLN
9	ASRI
10	MDLN
11	DLID

The data analysis techniques used are:

1. Business analysis
   Business analysis is a thorough assessment of a firm's strategic blue-print, aiming to enhance its competitive edge and general operational effectiveness. (Fuertes, et al., 2020). This entails a detailed review of different facets of a business, such as its goals, targets, and tactics utilized to realize the goals.
2. Accounting analysis
   Accounting analysis entails scrutinizing the portrayal of a company's economic activities and strategic direction in its financial reports and, if required, formulating revised accounting metrics to assess performance (Palepu et al., 2021).
3. Financial analysis
   Financial analysis entails the examination of financial ratios and cash flow indicators that reflect a company's operational, financing, and investment activities, compared either to its main competitors or its own historical data (Palepu et al., 2021).
4. Prospective analysis
   Prospective analysis is essential for evaluating safety measures (Palepu et al., 2021). It utilizes forward-looking estimates of net income and equity book value to determine present stock valuations. Additionally, this type of analysis aids in assessing the feasibility of a company's strategic initiatives.

RESULT AND DISCUSSION

Business Analysis

a) Industry Analysis

Porter's Five Forces model continues to serve as a valuable instrument for industry analysis, shedding light on competitive dynamics. According to Bonsale et al (2023) Porter's Five Forces model enables firms to proactively identify challenges and opportunities, understand market competition, and strategically address potential threats. The following were five competitive strengths, namely:

1. Threat of New Entrants
   The Indonesian property industry is characterized by relatively high competition and significant bargaining power for buyers, while suppliers have relatively low influence. New entrants face moderate barriers, and the threat of substitutes exists but is not overwhelming.
   CTRA navigates these forces effectively by leveraging its brand, economics of scale, and innovative capabilities will be crucial for sustaining its business and financial performance in the industry. Therefore, the threat of new entry has score 3 out of 5.
2. Bargaining Power of Suppliers
   The bargaining power of suppliers in Indonesia's property sector is generally low because there are numerous suppliers, switching costs are minimal, materials are standardized, the supplier market is competitive, and large developers possess substantial purchasing power.
   This situation favors property developers by allowing them to control costs efficiently and obtain advantageous terms for necessary materials and services. In that case the score for bargaining power of suppliers is 2 out of 5.
3. Bargaining Power of Buyers
   The leverage that buyers have in the Indonesian property market has become significantly robust, particularly after 2019. This increased influence is largely due to the enhanced availability of market information and the rising sophistication of purchasers. Below is table consisting of variables and indicators of bargaining power of buyers in property industry in Indonesia:
   Buyers in the Indonesian property market have significant bargaining power. This is influenced by factors such as the accessibility of market information, low costs associated with switching suppliers, a broad selection of options, competitive pricing resulting from a

high level of market competition, and advantageous economic and government conditions. It makes bargaining power of buyer get a high score of 4 out of 5.

4. Threat of Substitutes
   The rental market emerges as a feasible alternative for individuals seeking flexibility and evading ownership obligations, presenting a moderate substitute threat. In addition, the availability of geographical alternatives in neighboring areas offering similar amenities and infrastructure at reduced costs exacerbates the substitute threat in the property market. Consequently, comprehending and addressing these substitute risks are imperative for property developers like CTRA to sustain market relevance and competitiveness in the ever-evolving industry landscape.
5. Industry Rivalry
   Key industry contenders, including CTRA, face formidable rivalry from prominent developers like LPKR, SMRA and APLN, among others. The rivalry is exacerbated by economic slowdowns, particularly as a result of the COVID-19 crisis, as companies vie for a limited buyer pool. Moreover, the existence of high barriers to exit, stemming from substantial investments in properties and land, compels firms to persevere in the market, further intensifying competitive pressures.

In conclusion, the property sector in Indonesia, particularly CTRA, encounters a multifaceted competitive environment with significant factors in operation. Strategic approaches should prioritize tackling the competitive efforts through ongoing innovations and distinctiveness, capitalizing on brand loyalty and economics of scale, minimizing the risk of new entrants through strategic entry barriers, effectively handling supplier relationships, and meeting customer requirements to sustain market significance and financial viability in the vibrant property industry.

Figure 3. Industry Analysis of Indonesian Property Industry

b) Competitive Strategy Analysis

The enduring prosperity of CTRA relies on a strategy of differentiation encompassing the subsequent fundamental components:

1. First Mover Advantage
   CTRA is a prominent property developer in Indonesia known for creating successful property projects that have transformed urban areas. The company pioneered the development of integrated townships in Indonesia with its first major project, Citraland in Surabaya, East Java. This township was the Indonesia first master-planned residential community. By being the first mover in this space, CTRA established a strong presence and gained a competitive advantage, allowing it to capture a significant portion of the market share.
2. Product Differentiation
   CTRA prioritizes sustainability by incorporating green building initiatives and environmentally friendly practices. They engage with local communities and focus on creating vibrant and inclusive neighborhoods. Their selection of strategic location and master planning

expertise contribute to the differentiation of their projects. They differentiate their products through innovative design, sustainable practices, community engagement, quality construction, and unique amenities.

3. Promotion/Advertising
CTRA, employs a variety of marketing strategies to promote its products. This includes digital platforms such as website, social media channels, online advertisements, and email marketing, as well as traditional advertising channels like printed media, billboards, radio, and television. The company actively engages with local communities through events, social initiatives, and sponsorships, and participates in property exhibitions, expos, and industry events. Collaborating with real estate agencies, property portals, influencers, and other brands helps expand its reach. Overall, CTRAeffectively promotes its projects through a mix of digital marketing, traditional advertising, experiential marketing, strategic partnerships, community engagement, and public relations efforts.
4. Product Information
The information of product of CTRA can be reach by visiting its official website https://ciputradevelopment.com/id/. Typically, real estate developers have dedicated sections on their websites that provide details about their projects, properties, services, and other relevant information.

In addition, the potential buyer can also inquire specific product information by contacting CTRA directly through their website or by reaching out to their customer service or sales team. Additionally, consumers may find product brochures, project descriptions, virtual tours, and other promotional materials on their website or through their marketing channels.
5. Expanding Market Share
CTRA has implemented strategies to increase its market share in the Indonesian property sector. The strategies include diversifying its property portfolio, pursuing strategic geographic expansion, and embracing digital transformation. Despite a decline in market share from 2021 onwards, the company has maintained its leadership position through strong brand management, strategic market positioning, innovation, and customer-centric solutions. Additionally, PT Ciputra has focused on brand building, customer loyalty programs, and nurturing long-term relationships with customers to enhance its market position.
6. Access of Distribution
CTRA's competitive strategy emphasizes the significant role of distribution access in the property sector. PT Ciputra has embraced digital transformation, employing online marketing, virtual property tours, and digital customer service platforms to engage effectively with potential buyers. The company has also formed partnerships with local and international real estate agencies to expand its market presence and attract foreign investors.
7. Suppliers
CTRA's strength lies in establishing long-term partnerships with reliable suppliers to ensure a steady supply of high-quality materials and services. The company faces challenges with fluctuating raw material prices and maintaining consistent quality standards. To mitigate these challenges, CTRA monitors market trends, maintains strong supplier relationships, and employs a rigorous supplier selection process. Their strategy involves building long-term partnerships with trusted suppliers and collaborating with leading construction material suppliers and technology providers. This helps them secure favorable terms and consistent quality, mitigate risks, and maintain a competitive edge in the Indonesian property market.
8. Industrial Growth
CTRA has employed two major strategies for its success. Firstly, the company has diversified its property portfolio to include residential, commercial, and mixed-use developments, enabling it to access various market segments. This has led to a record-high presales of Rp10.2 trillion in 2023. Secondly, the company has expanded geographically within Indonesia, entering new markets and capitalizing on urbanization and economic growth in different

regions. This has helped PT Ciputra maintain a market share of approximately 20% in 2023, solidifying its leadership position in the industry.

ACCOUNTING ANALYSIS

Identifying Potential Red Flags

CTRA did not have potential red flags. The following are detailed explanation and evidence of the absence of potential red flags:

1. Throughout the annual reports for the periods from 2019 to 2023, CTRA provided detailed explanations of the changes in accounting policies and estimates, along with their impacts on company performance. Additionally, the reports thoroughly discussed various transactions that posed challenges and influenced the company's performance.
2. CTRA has unusual increase in sales related to trade receivable. This unusual pattern suggests that the company managed to convert a higher proportion of its credit sales into cash during this period. Possible reasons for this could include improved collection processes, changes in credit terms leading to quicker payments by customers, or an increase in cash sales relative to credit sales. This effective management of receivables likely contributed to the company's enhanced liquidity during that year.
3. Unusual changes happen in CTRA related to increase in sales and relation to inventory. This unusual pattern could be attributed to several factors, such as strategic decisions to reduce excess stock, improved inventory management practices leading to more efficient turnover rates, or external factors like supply chain disruptions due to global events. The decrease in inventory despite rising sales suggests that the company was able to sell more with less stock on hand, possibly indicating better inventory control and quicker turnover during that period. The unusual changes happened because CTRA reducing its project due to COVID-19 pandemic and the management decide to focus on increase its investment property.
4. There was no an increasing gap between a company's reported income and its cash flow from operating activities.
5. The Independent Auditor's Report states that CTRA included a consolidated financial report, which accurately reflects, in all significant aspects, the consolidated financial position of CTRA and its subsidiaries from December 31, 2019, to December 31, 2023. The report also details the financial performance and consolidated cash flows for the year ending on that date, in compliance with Indonesian Financial Accounting Standards.
6. CTRA engaged in transactions with related parties as defined by PSAK No. 7. These transactions were conducted under mutually agreed terms, which may differ from those applied to transactions with unrelated parties. The transaction is executed based on terms mutually agreed upon by both involved parties, which may vary from those between unrelated parties. It is important to highlight that all transactions and balances with related parties, who have significant influence, have been fully disclosed in the relevant sections of the consolidated financial statements, regardless of whether they were conducted under similar terms as those with unrelated parties.

Earning Management

The M score is an indicator calculated using a Beneish model. It assesses whether a corporation manipulated its financial accounts throughout a period of accounting (Valaskova & Fedorko, 2021). If the M-score is less than -2.22, it indicates that the firm does not manipulate its financial statement. If the M-score exceeds -2.22, it suggests that the company may be manipulative.

Table 2. CTRA Beneish Model Score

	2019	2020	2021	2022	2023
Beneish Model:	-2.10	-2.60	-2.31	-2.52	-2.50

Table 2 in the above shows that after 2019 the results of Beneish model is above the critical threshold of -2.22, which mean indicate the company is likely to manipulate its financial statements.

FINANCIAL ANALYSIS

Univariate Analysis

This study conducted a univariate analysis of financial report data to assess the financial performance of the Indonesian Property Industry from 2019-2023. The analysis included ratios for liquidity, solvency, activity, profitability, and market analysis. Financial performance analysis was evaluated by comparing CTRA from 2019 to 2023 to those of comparable industry companies listed on the Indonesian Stock Exchange.

1. Liquidity Ratio Analysis
   a. Current Ratio

   The current ratio calculation results are used to describe the company's ability to meet its short-term obligations using the company's current assets, as illustrated in the table:

Table 3. Current Ratio of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	2.17	1.78	2.00	2.19	2.42
BSDE	3.94	2.37	2.59	2.61	2.47
PWON	2.86	1.98	3.79	4.65	5.16
SMRA	1.24	1.42	1.87	1.5	1.32
LPKR	5.41	3.13	3.27	3.13	3
DMAS	3.71	3.21	4.52	4.82	5.97
MTLA	2.78	2.63	2.43	2.65	2.6
APLN	1.66	1.9	1.63	1.96	1.3
ASRI	1.31	0.67	0.84	0.98	0.79
MDLN	1.93	0.26	0.98	0.8	0.88
DILD	1.18	1.05	1.03	1.04	1.14

   A current ratio above 1.00 indicates a company has a strong capacity to meet its short-term obligations (Hasanudin et al., 2021). This indicates the company has sufficient current assets to meet its current liabilities

   b. Cash Ratio

   The cash ratio calculation results demonstrate the company's liquidity by comparing its cash and cash equivalents to its short-term liabilities, as depicted in the table.

Table 5. Cash Ratio of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	0.51	0.45	0.65	0.84	1.00
BSDE	1.11	0.91	0.71	0.86	0.79
PWON	1.28	0.67	2.13	2.83	3.00
SMRA	0.18	0.20	0.40	0.33	0.28
LPKR	0.68	0.28	0.51	0.28	0.27
DMAS	0.62	1.18	0.86	0.97	1.41
MTLA	0.58	0.40	0.47	0.53	0.48
APLN	0.17	0.14	0.15	0.19	0.09
ASRI	0.63	0.20	0.27	0.39	0.32
MDLN	0.28	0.02	0.03	0.04	0.06
DILD	0.40	0.33	0.27	0.19	0.23

   Cash ratio is a parameter in financial metric to assess company's ability to pay its short-term liabilities using its cash and cash equivalents. The cash ratio assesses a company's ability to repay its short-term loans with cash and cash equivalents (Fitrianingsih & Nurul, 2021).

2. Solvability Ratio Analysis
   a. Debt-to-Equity Ratio

The calculation of the debt-to-equity ratio indicates the proportion of a company's equity that are financed through debt, thereby revealing the extent of funds derived from borrowing, as presented in the table:

Table 6. Debt-to-Equity Ratio of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	0.49	0.53	0.44	0.40	0.34
BSDE	0.46	0.57	0.38	0.36	0.32
PWON	0.32	0.27	0.36	0.36	0.32
SMRA	1.22	1.38	0.81	0.64	0.73
LPKR	0.49	0.99	1.15	1.42	1.36
DMAS	0.00	0.00	0.00	0.00	0.00
MTLA	0.39	0.29	0.22	0.21	0.19
APLN	1.06	1.18	1.30	0.88	0.70
ASRI	0.78	0.87	0.86	0.65	0.61
MDLN	0.79	1.37	1.58	1.46	1.55
DILD	0.77	0.97	0.93	0.96	0.87

The chart illustrates the debt-to-equity ratios of various firms in the Indonesian property industry from 2019 to 2023. This ratio reflects the proportion of a company's equity that is financed through debt, providing insights into its financial leverage and related risks.

b. Debt-to-Asset Ratio

The results of the calculation of the debt to asset ratio illustrate the number of company assets financed by debt or knowing the amount of funds sourced from debt, as shown in the table:

Table 7. Debt-to-Asset Ratio of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	0.24	0.24	0.21	0.20	0.18
BSDE	0.25	0.28	0.20	0.18	0.18
PWON	0.18	0.15	0.20	0.20	0.19
SMRA	0.37	0.38	0.27	0.21	0.23
LPKR	0.26	0.37	0.42	0.44	0.42
DMAS	0.00	0.00	0.00	0.00	0.00
MTLA	0.23	0.18	0.14	0.14	0.13
APLN	0.34	0.33	0.34	0.30	0.27
ASRI	0.37	0.38	0.37	0.31	0.31
MDLN	0.35	0.39	0.45	0.46	0.46
DILD	0.32	0.32	0.29	0.30	0.32

The chart depicts the debt to asset ratios for several companies in the Indonesian property sector from 2019 to 2023. This ratio indicates the percentage of a company's assets funded by debt, offering insights into its financial leverage and associated risks (Arhinful & Radmehr, 2023).

3. Activity Analysis

a. Total Asset Turnover

The total asset turnover calculation demonstrates the efficiency with which a company uses its assets to generate sales. Total asset turnover could be used to assesses how effective a company uses its assets to generate revenue. If the total asset turnover is below 1.00 it shows that the company wasn't able to generate sufficient sales in accordance to its total assets (Ulfa, Karnadi, & Sari, 2023). Result of the analysis can be seen in Table 8.

Table 8. Asset Turnover Ratio of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	0.21	0.21	0.24	0.22	0.21
BSDE	0.13	0.11	0.13	0.16	0.18
PWON	0.28	0.15	0.21	0.20	0.20
SMRA	0.25	0.20	0.22	0.21	0.22
LPKR	0.23	0.22	0.31	0.29	0.34
DMAS	0.35	0.37	0.22	0.30	0.29
MTLA	0.25	0.18	0.19	0.21	0.24
APLN	0.13	0.17	0.14	0.30	0.16
ASRI	0.16	0.07	0.13	0.20	0.18
MDLN	0.15	0.05	0.14	0.08	0.08
DILD	0.19	0.19	0.16	0.19	0.25

b. Receivable Days

The result of the receivables days calculation illustrates the efficient and quality of the company's receivable turnover rate in one period, as shown in the table below:

Table 9. Receivable Days of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	56	42	33	31	29
BSDE	15	11	5	5	4
PWON	31	42	7	6	6
SMRA	19	17	17	17	15
LPKR	68	62	40	42	40
DMAS	81	78	5	12	12
MTLA	35	39	39	30	22
APLN	131	87	74	26	41
ASRI	15	19	13	7	4
MDLN	143	321	23	40	34
DILD	60	35	28	30	21

The data shows that in 2020, MDLN facing the longest time to pay in which the company has to wait for the payment up to 321 days. Fortunately, MDLN able to decrease the receivable days in just 23 days in the following years. On the other hand, BSDE successfully managed lower its receivable days from 15 days in 2019 to just 4 days in 2023. This allows the company to collect payment on its receivables faster that the competitors. Resulting an improvement in cash flows and much more efficient in managing account receivable.

c. Payable Days

Payable days represent the ratio of accounts payable to sales. The outcome of this calculation assesses how a company views its debt repayment timeline. This metric indicates the firm's capacity to fulfill its short-term liabilities, thereby reflecting the company's ability to meet its debt obligations.

Table 10. Payable Days of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	37	40	35	35	33
BSDE	168	154	128	108	69
PWON	37	61	35	28	27
SMRA	10	11	9	11	10
LPKR	61	57	36	37	32
DMAS	5	7	13	14	12
MTLA	29	33	34	44	41
APLN	1301	811	814	513	818
ASRI	64	97	61	49	63
MDLN	81	197	119	149	136

Company	2019	2020	2021	2022	2023
DILD	39	35	44	28	13

Managing payment periods is essential for companies for several reasons. Balancing the timing of payments to suppliers with the collection of customer receivables helps ensure that the company has enough liquidity to meet its financial obligations.

d. Inventory Days

The results of the inventory days calculation illustrate the efficiency and quality of the company's inventory turnover rate in one period, as shown in the following table:

Table 11. Inventory Days of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	1020	1131	864	932	944
BSDE	1737	1975	1412	1310	958
PWON	413	721	526	512	503
SMRA	968	1180	1132	1289	1154
LPKR	1287	1286	862	1002	914
DMAS	759	766	1340	1622	1757
MTLA	1160	1615	1427	1364	1243
APLN	735	731	977	719	986
ASRI	115	315	257	201	197
MDLN	496	1570	1096	1389	1335
DILD	550	475	729	786	563

The chart above illustrated the number of days the companies have to do in order to be able to convert its inventory into sales. The lower the number, it indicates that the company was able to convert its inventory into sales faster. For example, ASRI was able to convert its inventory faster than its competitors in property industry. From 2019 to 2023 the company's average on inventory days is under 300 days, which the lowest compare to other competitors.

4. Profitability Analysis

a. Return on Asset

Table 12. Return on Assets Ratio of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	3.55%	3.49%	5.13%	4.78%	4.33%
BSDE	5.13%	0.46%	2.19%	3.74%	2.91%
PWON	10.42%	3.51%	4.79%	5.03%	6.44%
SMRA	2.11%	0.72%	1.24%	2.20%	2.46%
LPKR	-3.60%	-17.14%	-3.08%	-5.40%	0.10%
DMAS	17.53%	19.96%	11.69%	18.38%	18.01%
MTLA	7.97%	4.59%	5.80%	5.87%	5.78%
APLN	-0.03%	-45.00%	-2.20%	6.97%	3.82%
ASRI	4.62%	-4.84%	0.66%	4.87%	2.84%
MDLN	2.54%	-11.88%	-0.29%	0.15%	-0.74%
DILD	1.70%	0.49%	0.07%	-0.60%	1.19%

Return on Assets analysis could assist the stakeholders to evaluating the company's performance. Moreover, this analysis also helps to understand the company's ability to generate income. This was crucial for decision-making, attracting investors, and assuring long-term success. Return on Assets is essentials for assessing company's financial health and sustainability (Kusuma, 2021).

b. Gross Profit Margin

Table 13. Gross Profit Margin of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	49.84%	51.07%	49.74%	50.05%	49.31%
BSDE	71.50%	68.80%	61.90%	66.70%	55.60%
PWON	56.30%	48.80%	48.40%	53.80%	54.80%
SMRA	48.00%	45.60%	46.60%	52.40%	50.50%
LPKR	36.60%	35.00%	34.40%	41.90%	43.70%
DMAS	56.00%	61.40%	58.80%	71.20%	69.00%
MTLA	52.10%	52.70%	50.50%	51.50%	51.80%
APLN	51.70%	44.40%	33.60%	56.20%	42.10%
ASRI	63.20%	42.20%	53.00%	58.60%	54.30%
MDLN	61.00%	49.40%	67.30%	51.20%	46.70%
DILD	41.40%	40.80%	39.10%	40.50%	40.60%

The table above is indicated the gross profit margin from several property industry companies in Indonesia within 2019 to 2023. The graph shows that CTRA, MTLA, and DILD has a relatively stable gross profit margin throughout 2019 to 2023. It means that the company are able to maintain its efficiency on production processes.

c. Operating Profit Margin

Table 14. Operating Profit Margin of Indonesian Property Industry

Company	2019	2020	2021	2022	2023
CTRA	28.75%	32.81%	34.51%	33.57%	31.92%
BSDE	35.70%	32.10%	31.30%	36.20%	25.20%
PWON	47.90%	37.70%	39.70%	43.50%	42.90%
SMRA	26.70%	25.40%	28.00%	29.90%	28.70%
LPKR	-7.40%	-42.00%	9.00%	0.80%	21.90%
DMAS	46.60%	50.30%	46.20%	60.90%	56.10%
MTLA	28.70%	28.30%	29.30%	32.10%	32.50%
APLN	34.50%	18.60%	9.90%	34.90%	40.00%
ASRI	48.70%	12.20%	39.00%	47.60%	42.10%
MDLN	42.10%	165.80%	22.80%	27.10%	17.10%
DILD	18.70%	23.90%	22.20%	27.90%	29.90%

Operating profit margin is a tool for stakeholders to be able to look more detail about the company's overall profitability. This analysis covering the production and operational cost of the company. Therefore, the stakeholder can be seen the gap between the direct cost of sales and other operational costs which contribute to company's profit.

5. Market Analysis

a. Earnings per Share (EPS)

Earning per Shares is a ratio which measures the information about management's success in managing the company in order to generating income for shareholders.

The following table shows the result of calculating the earnings per share of CTRA for 2019-2023:

Table 15. CTRA EPS 2019-2023

Year	Net Income after tax	Share outstanding	EPS
2019	1,158,000,000,000	18,560,000,000	62
2020	1,321,000,000,000	18,560,000,000	71
2021	1,735,000,000,000	18,560,000,000	94
2022	1,862,000,000,000	18,560,000,000	100
2023	1,846,000,000,000	18,540,000,000	100

The calculation on the table above shows that the EPS value of CTRA is always increase throughout the years. In 2019, the EPS value was 62 and its steadily increase to 100 in 2022. This increasing trend on EPS indicates that CTRA was able to keep the company's profit upward.

b. Price Earnings Ratio (PER)

Price earnings ratio (PER) is the ratio of a company's stock price to earnings per share.

Table 16. PER of CTRA 2019-2023

Year	Share price	EPS	PER
2019	1,040	62	17
2020	985	71	14
2021	970	94	10
2022	940	100	9
2023	1,170	100	12

From the calculation above, the price earnings ratio in 2019 was 17. The higher the value of the PER ratio it means the higher the profit growth expected by investors. If the company's profit earnings ratio was high it means the company's share might offer an increase market reaction for investors. However, the PER value of CTRA was fluctuated throughout the years. By 2023 the value of price earnings ratio was 12.

Multivariate Ratio Analysis/Du Pont System Analysis

Financial Performance Analysis using the Du Pont System method:

Table 17. Du Pont System Analysis

Year	TATO	NPM	ROI	EM	ROE
2019	0.2102	16.87%	1.24619	2.03788	0.07225
2020	0.2056	16.98%	1.21057	2.24861	0.07852
2021	0.23924	21.46%	1.11498	2.09694	0.10765
2022	0.21781	21.95%	0.99246	1.99393	0.09531
2023	0.20957	20.65%	1.01488	1.94987	0.08438

1. Total Asset Turnover (TATO)

   The fluctuated in Total Asset Turnover by CTRA are based on the management of sales and efficiency of assets. If the company was able to increase the total revenue and total assets the total asset turnover will be increase. Therefore, the company has to be able to utilize the company's assets to generate sales or operating income by improved the operational efficiency in order to achieved higher sales.
2. Net Profit Margin (NPM)

   The increase in Net Profit Margin over four periods was caused by CTRA was able to generate an optimal net profit from sales. In order to maintain a great performance, the company has to have a good management on cost control. By lowering operating expenses, such as through efficiency improvements or cost-cutting measures, can increase Net Profit Margin.
3. Return on Investment (ROI)

CTRA facing a decreased in Return on Investment four years in a row because the company having difficulties on dealing with a weak economic condition which caused by Covid-19. These conditions impacted the revenues and profits of the company which affect the decreased in Return on Investment of the company.

4. Equity Multiplier (EM)
   CTRA's Equity Multiplier increased from 2019 to 2020, indicating a larger amount of debt funding. However, in the subsequent years, the Equity Multiplier decreased, leading to a positive impact on the company by increasing the portion of shareholders and reducing interest payments.
5. Return on Equity (ROE)
   The company has an uptrend on its return on equity from 2019 to 2021 with the value increase from 0.072 to 0.107. the data indicated that CTRA has a good performance on maximizing its net profit by streamlining the existing expense which generates a lower the total cost expense. Moreover, the company was able to increase the use of equity or its own capital to finance assets.

PROSPECTIVE ANALYSIS

Bankruptcy Analysis

In calculating the prediction of financial difficulties at CTRA, the Altman Z Model was used.

Table 18. Altman Z-score

Year	Altman Z-score
2019	1.64
2020	1.46
2021	1.65
2022	1.67
2023	1.83

The table above shows the result of calculation using the Altman Z model. The Altman Z-score formula is utilized to assess and forecast the financial health and bankruptcy risk of businesses (Wibowo & Hidayah, 2023). It could be seen from the table that, the Z-score of CTRA was decrease from 1.64 in 2019 to 1.46 in 2020. On the same year, Covid-19 pandemic was occurred in Indonesia and it turns out affected to the property industry in Indonesia especially to CTRA. The decrease Z-score might be attributed to the increase in current liabilities and current liabilities of the company. The financial report of CTRA shows an increase in total liability from Rp.18 trillion in 2019 to Rp. 21 trillion in 2020. Nevertheless, the increase in total liability was followed by an increase in total assets. It was a positive sign that the company was looking for an opportunity to increase the efficiency of company's operational in making sales to achieve the optimization on the company's profitability.

CONCLUSION

The Indonesian property sector exhibits a highly competitive landscape, characterized by significant bargaining power for buyers and limited influence for suppliers. Potential entrants face moderate barriers to entry, while substitutes present a moderate threat. The substantial bargaining power of buyers is attributed to their access to market information, low switching costs, and competitive pricing structures. Intense competition exists among major developers such as CTRA, LPKR, and SMRA, necessitating continuous innovation and market share maintenance, particularly during economic downturns exemplified by the COVID-19 pandemic.

CTRA, a significant entity in Indonesia's property sector, has leveraged the First Mover Advantage by initiating integrated townships such as Citraland in Surabaya, establishing a precedent for residential community development. This approach has not only secured their market prominence but also positioned them as industry innovators. The organization distinguishes itself through a commitment to environmental sustainability, community engagement, and the delivery of high-quality, innovative projects with distinctive amenities, thereby enhancing its competitive advantage. CTRA implements a comprehensive marketing strategy encompassing digital and traditional platforms, community events, real estate exhibitions, and robust public relations to promote its projects and reinforce its market presence. Interested parties can obtain detailed product information regarding CTRA's projects and properties by accessing their official website or directly contacting their customer service department.

The property development sector in Indonesia has been focusing on enhancing liquidity and financial stability. Companies like PWON and CTRA have shown strong resilience and liquidity, indicating promising performance in the future. Certain firms have effectively managed their debts relative to their assets. The Total Asset Turnover (TATO) ratio of CTRA has been changing since 2019. The net profit margin increased from 2019 to 2022 but decreased in 2023. The rate of return was affected by the COVID-19 crash. The company's equity multiplier performance shifted from high debt to more equity. The return on equity improved from 2019 to 2021, illustrating the company's ability to increase net profit and effectively utilize equity for asset acquisition.

The financial analysis of CTRA revealed irregularities in the growth of account receivables and inventories that did not align with sales growth from 2019 to 2021. According to the Beneish model, questionable earnings management was indicated in 2019, with scores remaining below the minimum threshold of -2.2 from 2020 to 2023. The company's financial performance was below the industry average during the same period, suggesting potential financial difficulties and risk of bankruptcy, as indicated by the Altman Z-score consistently below 2.9. However, there were signs of improvement in management practices due to the company's demonstrated growth over time.

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