Journal of International Conference Proceedings (JICP)
Vol. 8 No. 4, pp. 97-111, January, 2026
E-ISSN: 2621-993X P-ISSN: 2622-0989
https://ejournal.aibpmjournals.com/index.php/JICP/index

Financial Statement Analysis of PT Indofood Sukses Makmur Tbk Based on the Haval Analysis Framework

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ARTICLE INFORMATION

Publication information

Research article

HOW TO CITE
Youwen, F. (2026). Financial statement analysis of PT Indofood Sukses Makmur Tbk based on the Haval analysis framework. *Journal of International Conference Proceedings*, *8*(4), 97-111.

DOI:
https://doi.org/10.32535/jicp.v8i4.4350

Received: 9 November 2025
Accepted: 11 Desember 2025
Published: 17 January 2026

ABSTRACT

This study evaluates the financial performance and strategic position of PT Indofood from 2020 to 2024 to examine its development trends and future prospects. Financial ratio analysis is applied to assess liquidity, solvency, profitability, efficiency, and growth, and the macro and micro environment. The results show that Indofood's short-term solvency and capital structure improved steadily, profitability recovered after a downturn in 2022, and shareholder returns remained stable. However, operational efficiency declined, as reflected in slower receivables and inventory turnover, while revenue growth decelerated, indicating a maturing domestic market and intensifying competition. Overall, PT Indofood company demonstrates stable yet slowing growth. It is recommended that the company consolidate its domestic strengths while accelerating international expansion, particularly in Southeast Asia and Africa, and continuously innovate in healthy and functional food products to meet shifting consumer preferences. In addition, improving supply chain efficiency and employing financial instruments to hedge risks will be critical to sustaining resilience. By integrating financial and strategic analysis, this study provides a systematic evaluation of Indofood's overall performance, offering practical insights for corporate decision-making as well as valuable reference for research on the food industry in emerging markets.

Keywords: Financial Performance; Financial Report Analysis; Haval Framework; Indofood; PESTEL; Porter's Five Forces; SWOT

INTRODUCTION

PT Indofood Sukses Makmur Tbk (PT Indofood) is one of Indonesia's largest consumer goods companies, widely recognized for its extensive portfolio of food products, including instant noodles, food seasonings, dairy products, snack foods, and beverages. As a vertically integrated enterprise, Indofood operates across the entire value chain, from agricultural production and raw material processing to manufacturing and nationwide distribution. This integrated business model positions the company as a strategic player in Indonesia's food supply chain and strengthens its competitive advantage in the regional consumer goods market.

Established in 1982 and headquartered in Jakarta, Indofood operates through four major strategic business groups, namely Consumer Branded Products, Bogasari Flour Mills, Agribusiness, and Distribution. The diversified nature of these business segments enables the company to manage operational risks while pursuing sustainable growth. However, such diversification also increases the complexity of financial management, making comprehensive financial performance evaluation essential. Prior studies highlight that diversified firms require integrated financial analysis to understand how profitability, liquidity, leverage, and efficiency interact to influence firm value and long term stability (Agustin et al., 2023; Harmono et al., 2023).

As a market leader in the Indonesian consumer goods sector, Indofood's financial performance is critically important for a wide range of stakeholders, including investors, creditors, suppliers, government institutions, and consumers. Financial statement analysis has been widely applied in empirical research to evaluate corporate financial health, particularly in emerging markets such as Indonesia. Studies demonstrate that financial ratios related to liquidity, profitability, and solvency provide essential insights into a firm's ability to meet obligations, manage capital structure, and generate sustainable returns (Alifiana & Indah, 2021; Amanda, 2019; Asiani & Rahayu, 2024). From the perspective of signaling theory, strong financial performance serves as a positive signal to investors regarding managerial effectiveness and future growth prospects (Agustin et al., 2023).

In an increasingly competitive and uncertain business environment, continuous assessment of financial performance has become a fundamental requirement for ensuring corporate sustainability and value creation. Financial performance analysis supports managerial decision making, investment evaluation, and risk management by providing a systematic assessment of profitability, liquidity, leverage, and operational efficiency (Ruslim & Muspyta, 2021; Vu Thi & Phung, 2021). Moreover, recent literature emphasizes the importance of integrating traditional financial analysis with sustainability and long term value considerations to reflect the evolving expectations of stakeholders (Indriastuti & Chariri, 2021; Gallego Álvarez et al., 2015).

Accordingly, this study applies the HAVAL Analysis Framework to evaluate the financial performance of PT Indofood Sukses Makmur Tbk. The HAVAL framework provides a comprehensive assessment across five key dimensions, namely historical performance, liquidity assessment, value creation, leverage analysis, and long term sustainability. By applying this framework to Indofood's recent financial statements, this study aims to identify performance trends, assess financial strengths, and highlight potential areas for improvement. The findings are expected to contribute to the empirical literature on financial performance analysis and provide practical insights for stakeholders in Indonesia's consumer goods industry.

LITERATURE REVIEW

Traditional Financial Statement Analysis

In the field of financial statement research, traditional analytical methods have a long history, with the most common approaches including ratio analysis, trend analysis, factor based analysis, and integrated performance evaluation models.

Ratio analysis is one of the most widely applied tools. By employing indicators such as liquidity ratios, leverage ratios, profitability ratios, and activity ratios, researchers and managers can intuitively assess a firm's solvency, profitability, operational efficiency, and growth potential. Prior empirical studies show that financial ratios remain central instruments for evaluating corporate performance in both developed and emerging markets (Alifiana & Indah, 2021; Asiani & Rahayu, 2024). The strength of this method lies in its simplicity and comparability, enabling quick insights into a firm's financial condition. However, ratio analysis relies heavily on historical and static data and does not sufficiently capture future growth potential or the influence of broader strategic and external factors (Agustin et al., 2023).

Trend analysis emphasizes longitudinal comparisons of financial data across different periods. By examining long term movements in revenue, profitability, assets, and liabilities, researchers can identify dynamic changes in a company's financial position and development trajectory. This approach has been widely used to detect cyclical patterns and performance fluctuations over time (Medina Albaladejo, 2025; Sitanggang et al., 2025). Nevertheless, trend analysis outcomes are often affected by macroeconomic volatility and industry specific shocks, which may reduce the stability and generalizability of the results (Dahiyat et al., 2021).

Factor oriented financial analysis seeks to decompose changes in financial performance into underlying drivers, such as operational efficiency, capital structure, and cost management. This analytical perspective enables researchers to identify the determinants of financial performance more precisely and provides valuable insights for managerial decision making (Anik et al., 2021; Sibarani et al., 2025). Despite its analytical depth, factor based analysis requires extensive data availability and relies on assumptions that may introduce subjectivity into the interpretation of results.

Integrated financial performance analysis frameworks further enhance traditional methods by examining the interrelationships among profitability, asset utilization, and leverage. Such approaches allow researchers to interpret financial outcomes within a coherent analytical system and to better understand value creation mechanisms (Ruslim & Muspyta, 2021; Yuwono et al., 2024). However, these analyses remain largely confined to internal financial indicators and provide limited insight into external competitive forces or sustainability considerations.

Taken together, traditional financial statement analysis methods provide essential tools for the quantitative evaluation of corporate performance, yet they remain predominantly focused on historical and internal financial data. As noted in recent literature, these methods often fail to fully reflect strategic positioning, industry competition, and environmental factors that influence long term performance (Amin & Cek, 2023; Indriastuti & Chariri, 2021). In response to these limitations, more comprehensive analytical perspectives have been developed to integrate financial performance with strategic and environmental contexts.

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Harvard Analytical Framework

The Harvard Analytical Framework represents a holistic approach to corporate financial analysis by integrating financial performance evaluation with strategic and contextual assessment. This framework emphasizes that financial outcomes cannot be interpreted in isolation but must be understood within the broader context of industry dynamics, competitive positioning, and long term value creation (Agustin et al., 2023; Harmono et al., 2023).

The framework encompasses several interrelated stages, beginning with strategic analysis, which evaluates macroeconomic conditions, industry structure, and sources of competitive advantage. Strategic assessment is essential for interpreting financial performance, as external forces and competitive pressures significantly shape corporate outcomes (Benzaghta et al., 2021; Kostetska, 2022; De Sousa & Castañeda Ayarza, 2022). The second stage involves accounting analysis, which focuses on evaluating accounting policies and financial reporting quality to ensure the reliability of reported data.

The third stage is financial analysis, where traditional ratio based methods are applied to assess profitability, liquidity, solvency, and operational efficiency. Empirical evidence demonstrates that integrating ratio analysis within a broader analytical framework enhances its explanatory power and relevance for stakeholders (Asiani & Rahayu, 2024; Dahiyat et al., 2021). The final stage emphasizes forward looking assessment by linking strategic objectives with financial sustainability and value creation, particularly in relation to leverage decisions and long term performance (Gallego Álvarez et al., 2015).

Scholars argue that the Harvard Analytical Framework addresses the core limitations of traditional financial analysis by embedding strategic and sustainability considerations into financial evaluation. By combining internal financial indicators with external environmental and strategic analysis, the framework provides a more comprehensive understanding of corporate performance and long term prospects (Indriastuti & Chariri, 2021; Kara et al., 2024). As a result, this framework has been widely adopted in empirical studies examining financial performance, firm value, and strategic resilience across industries and markets.

RESEARCH METHOD

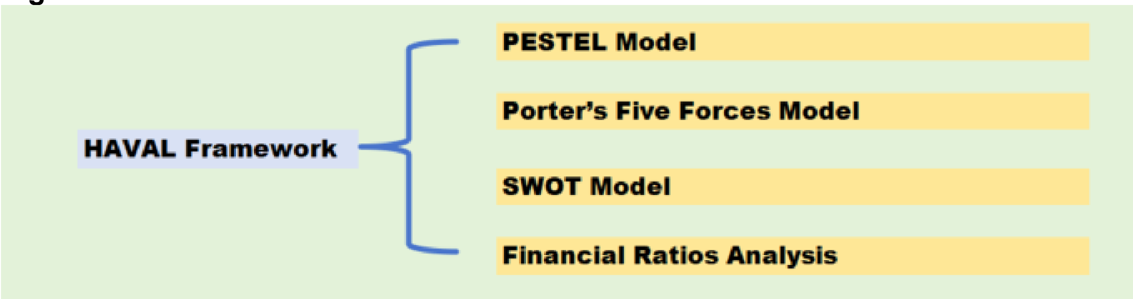
Research Approach

This study adopts a quantitative research approach, as the objective is to examine financial performance and strategic conditions of PT Indofood using measurable indicators and structured analytical frameworks. A quantitative approach is appropriate because it allows for the systematic evaluation of numerical data drawn from financial statements and other secondary sources, thereby ensuring objectivity and reliability in interpreting results.

Research Design

The research is designed as a descriptive and analytical study. Descriptive research provides a clear picture of the company’s financial condition and strategic environment over the period of 2020–2024, while the analytical dimension involves applying financial ratio analysis as well as strategic management tools such as PESTEL, SWOT, and Porter’s Five Forces. This dual design enables the study not only to describe Indofood’s performance but also to interpret the causes and implications of observed trends.

Figure 1. Research Framework



Sampling Method
Purposive sampling is employed in this study, as the focus is specifically on PT Indofood as a case company. The sample consists of five years of financial reports from 2020 to 2024. This sampling method is justified because the company represents one of Indonesia's largest and most influential food producers, making it a suitable case for understanding both financial and strategic dynamics in the industry.

Data Collection Method
The study relies on secondary data collection. Annual and audited financial reports of PT Indofood for the years 2020–2024 serve as the primary source of financial data. In addition, academic literature, industry reports, and relevant publications are used to support the contextual analysis for the PESTEL, SWOT, and Porter's Five Forces frameworks. Collecting data from reliable, published sources ensures credibility and validity.

Data Analysis Method
Data analysis is conducted in two stages. First, financial data is processed using ratio analysis, covering liquidity, solvency, profitability, efficiency, and growth indicators. Trends over the five-year period are identified to highlight Indofood's financial trajectory. Second, qualitative strategic tools—PESTEL, SWOT, and Porter's Five Forces—are applied to assess Indofood's macroeconomic environment, internal capabilities, and industry competition. Integrating both quantitative and qualitative methods provides a comprehensive understanding of the company's performance and strategic positioning.

RESULTS

Macro environment analysis
This section uses the PESTEL model to analyze PT Indofood's macro background, including political, economic, social, technological, environmental, and legal aspects.

Political Factors
Indonesia's political environment is relatively stable, and the government has long provided support and protection to the agriculture and food industries, creating a safe regulatory framework for Indofood's development. However, such protection also comes with intervention, especially in food security. The government frequently uses import tariffs and subsidies to regulate the market, which makes the company's raw material costs and pricing strategy vulnerable to policy shifts.

Economic Factors
As the largest economy in Southeast Asia, Indonesia maintains steady GDP growth and enjoys a strong demographic dividend, providing a solid consumption base for the food industry. Rising household income levels drive consumption upgrades and expand demand for instant and premium food products. However, Indofood's heavy reliance on

imported wheat makes its cost structure sensitive to international price volatility and fluctuations in the rupiah exchange rate.

Social Factors
Indonesia's young demographic profile and accelerating urbanization are fueling continuous demand for ready-to-eat and convenient food. At the same time, consumers' dietary preferences are evolving as health awareness grows, creating pressure to reformulate products and opportunities to introduce low-salt, low-sugar, and fortified food lines. For Indofood, this shift represents both a challenge and a critical driver of product innovation.

Technological Factors
Advancements in food processing technology and digital supply chain management offer companies the chance to lower production costs and boost efficiency. Automated production lines help Indofood scale operations, while the rise of e-commerce and modern retail expands market access. Moreover, enhanced R&D capacity allows the company to respond swiftly to consumer demand for healthier and more innovative products.

Environmental Factors
As a major global palm oil producer, Indonesia's food sector often finds itself at the center of environmental controversies. Increasing global emphasis on ESG practices requires Indofood to balance growth with sustainability, reducing environmental impacts across its supply chain. In addition, climate change and extreme weather events add further uncertainty to agricultural raw material supplies.

Legal Factors
The legal environment for food companies in Indonesia is becoming stricter, with tighter food safety regulations, labeling requirements, and nutrition standards. For Indofood, this translates into higher compliance costs across product design, production, and marketing. At the same time, its scale and resources allow the company to turn compliance into a competitive barrier against smaller rivals.

Microenvironment analysis
This section uses SWOT and Porter's Five Forces to analyze the competitiveness of the company's industry and the company's own strengths and weaknesses

Porter's Five Forces Analysis
Rivalry Among Existing Competitors
The Indonesian food market is highly competitive, with major players such as Unilever Indonesia, Mayora, and Wings constantly vying for share through pricing and product innovation. This saturation forces Indofood to rely heavily on its scale, brand reputation, and distribution strength to sustain leadership.

Threat of New Entrants
Indonesia's vast consumer base continues to attract new entrants; however, Indofood's established distribution network and economies of scale form strong entry barriers. Still, global players targeting premium or niche food segments could present localized threats.

Threat of Substitutes
Consumers have increasingly diverse choices, ranging from traditional dining and food delivery to alternative ready-to-eat products. Unless Indofood consistently innovates and refreshes its offerings, it risks losing share to substitutes that better match changing consumer preferences.

Bargaining Power of Suppliers
On the supply side, the high concentration of key imported raw materials such as wheat gives international suppliers considerable bargaining power. Although Indofood partially mitigates this risk through its own palm oil and sugar operations, overall costs remain tied to global commodity cycles.

Bargaining Power of Buyers
On the demand side, Indonesian consumers are highly price-sensitive, while dominant modern retailers such as Indomaret and Alfamart hold significant channel power. This dynamic forces Indofood to carefully balance affordability with differentiation in order to maintain consumer loyalty and shelf presence.

SWOT Analysis
Strengths
Indofood's key strength lies in its fully integrated value chain and highly recognized brands. From agricultural cultivation and raw material processing to food manufacturing and distribution, it has built vertical integration that enhances cost control and secures strong channel dominance. This structure allows the company to maintain its leadership across Indonesia's food market.

Weaknesses
On the other hand, Indofood's overreliance on the domestic market and its product concentration in instant noodles and dairy products create vulnerabilities. When market demand fluctuates or external shocks occur, the company lacks sufficient diversification to cushion risks. Its dependence on imported wheat further exposes profit margins to global price swings and currency movements.

Opportunities
The rise of Indonesia's middle class and the ongoing trend of consumption upgrading are creating greater demand for healthier and premium food products, which provides fertile ground for Indofood's product diversification. At the same time, the rapid expansion of e-commerce and modern retail channels allows the company to broaden its customer reach and increase sales flexibility.

Threats
Despite these opportunities, Indofood faces significant threats, including volatile raw material prices, intense rivalry from both domestic and international competitors, and increasingly stringent food safety and health regulations that raise compliance costs. These challenges demand that Indofood continually improve its management and strengthen its market responsiveness.

Financial Ratios analysis
Table 1. Financial Data of PT Indofood in year 2020-2024

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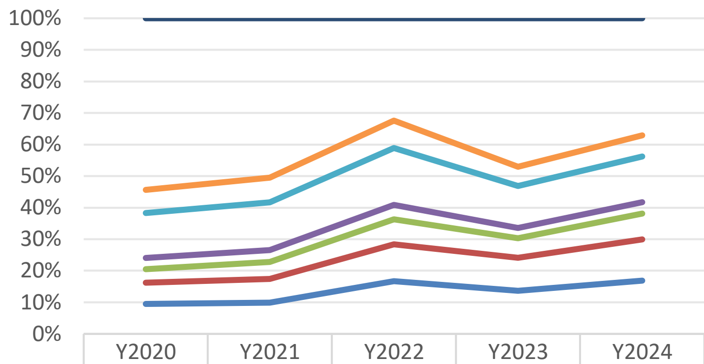
Reports Data	Y2020	Y2021	Y2022	Y2023	Y2024
Cash and cash equivalents	17, 336, 960. 00	29, 478, 126. 00	25, 945, 916. 00	28, 575, 968. 00	38, 710, 056. 00
Account receivable	5, 315, 611. 00	6, 230, 066. 00	6, 805, 535. 00	6, 872, 850. 00	7, 989, 147. 00
AVG-Account receivable	4, 721, 983. 50	5, 772, 838. 50	6, 517, 800. 50	6, 839, 192. 50	7, 430, 998. 50
Inventories	11, 150, 432. 00	12, 683, 836. 00	16, 517, 373. 00	15, 213, 497. 00	17, 953, 901. 00
AVG-Inventories	10, 404, 568. 50	11, 917, 134. 00	14, 600, 604. 50	15, 865, 435. 00	16, 583, 699. 00
Current assets	38, 418, 238. 00	54, 183, 399. 00	54, 876, 668. 00	63, 101, 797. 00	79, 765, 476. 00
AVG-Current assets	34, 910, 841. 50	46, 300, 818. 50	54, 530, 033. 50	58, 989, 232. 50	71, 433, 636. 50
Total assets	163, 136, 516. 00	179, 271, 840. 00	180, 433, 300. 00	186, 587, 957. 00	201, 713, 313. 00
AVG-Total assets	129, 667, 537. 50	171, 204, 178. 00	179, 852, 570. 00	183, 510, 628. 50	194, 150, 635. 00
Trade payable	4, 327, 951. 00	5, 034, 399. 00	5, 237, 585. 00	5, 172, 799. 00	5, 649, 272. 00
AVG-Trade payable	4, 350, 683. 00	4, 681, 175. 00	5, 135, 992. 00	5, 205, 192. 00	5, 411, 035. 50
Current liablities	27, 975, 875. 00	40, 403, 404. 00	30, 725, 942. 00	32, 914, 504. 00	37, 094, 061. 00
Total liablities	83, 998, 472. 00	92, 285, 331. 00	86, 810, 262. 00	86, 123, 066. 00	92, 722, 030. 00
AVG-Total liablities	62, 997, 271. 50	88, 141, 901. 50	89, 547, 796. 50	86, 466, 664. 00	89, 422, 548. 00
Total equity	79, 138, 044. 00	86, 986, 509. 00	93, 623, 038. 00	100, 464, 891. 00	108, 991, 283. 00
AVG-Total equity	66, 670, 266. 00	83, 062, 276. 50	90, 304, 773. 50	97, 043, 964. 50	104, 728, 087. 00
Net sales	81, 731, 469. 00	99, 345, 618. 00	110, 830, 272. 00	111, 703, 611. 00	115, 786, 525. 00
Cost of goods	54, 979, 425. 00	66, 871, 514. 00	76, 858, 593. 00	75, 653, 142. 00	75, 649, 996. 00
Gross profit	26, 752, 044. 00	32, 474, 104. 00	33, 971, 679. 00	36, 050, 469. 00	40, 136, 529. 00
Income from operations	12, 889, 087. 00	16, 914, 849. 00	19, 693, 110. 00	19, 663, 593. 00	23, 088, 184. 00
Finance expense	1, 875, 812. 00	2, 884, 772. 00	7, 998, 890. 00	3, 524, 625. 00	6, 192, 226. 00
EBIT	12, 426, 334. 00	14, 488, 653. 00	12, 318, 765. 00	15, 615, 384. 00	17, 039, 782. 00
Net profit	8, 752, 066. 00	11, 229, 695. 00	9, 192, 569. 00	11, 493, 733. 00	13, 077, 496. 00

Table 2. Financial Ratios of PT Indofood in year 2020-2024

Financial Ratios	Y2020	Y2021	Y2022	Y2023	Y2024
Current Ratio	1. 3733	1. 3411	1. 7860	1. 9171	2. 1504
Acid-Test Ratio	0. 9747	1. 0271	1. 2484	1. 4549	1. 6663
Cash Ratio	0. 6197	0. 7296	0. 8444	0. 8682	1. 0436
Debt to Assets Ratio (DAR)	51. 49%	51. 48%	48. 11%	46. 16%	45. 97%
Equity Multiplier (EM)	2. 0614	2. 0609	1. 9272	1. 8572	1. 8507
Debt to Equity Ratio (D/E)	1. 0614	1. 0609	0. 9272	0. 8572	0. 8507
Interest Coverage Ratio	7. 8712	6. 8635	3. 4620	6. 5789	4. 7286
Revenue Growth Rate	6. 71%	21. 55%	11. 56%	0. 79%	3. 66%
Net Income Growth Rate	48. 27%	28. 31%	-18. 14%	25. 03%	13. 78%
Total Assets Growth Rate	69. 58%	9. 89%	0. 65%	3. 41%	8. 11%
Equity Growth Rate	46. 00%	9. 92%	7. 63%	7. 31%	8. 49%
Accounts Receivable Turnover (ART)	17. 3087	17. 2091	17. 0042	16. 3329	15. 5816
Inventory Turnover (IT)	7. 8553	8. 3364	7. 5908	7. 0407	6. 9819
Current Assets Turnover	2. 3411	2. 1457	2. 0325	1. 8936	1. 6209
Total Asset Turnover (TAT)	0. 6303	0. 5803	0. 6162	0. 6087	0. 5964
Accounts Payable Turnover (APT)	12. 6370	14. 2852	14. 9647	14. 5342	13. 9807
Gross Profit Margin (GPM)	32. 73%	32. 69%	30. 65%	32. 27%	34. 66%
Net Profit Margin (NPM)	10. 71%	11. 30%	8. 29%	10. 29%	11. 29%
Return on Assets (ROA)	9. 58%	8. 46%	6. 85%	8. 51%	8. 78%
Return on Equity (ROE)	13. 13%	13. 52%	10. 18%	11. 84%	12. 49%
Profit to Cost Ratio	23. 44%	25. 29%	25. 62%	25. 99%	30. 52%

Liquidity Ratios

Figure 2. Liquidity Curve



	Y2020	Y2021	Y2022	Y2023	Y2024
Interest Coverage Ratio	7.8712	6.8635	3.4620	6.5789	4.7286
Debt to Equity Ratio (D/E)	1.0614	1.0609	0.9272	0.8572	0.8507
Equity Multiplier (EM)	2.0614	2.0609	1.9272	1.8572	1.8507
Debt to Assets Ratio (DAR)	51.49%	51.48%	48.11%	46.16%	45.97%
Cash Ratio	0.6197	0.7296	0.8444	0.8682	1.0436
Acid-Test Ratio	0.9747	1.0271	1.2484	1.4549	1.6663
Current Ratio	1.3733	1.3411	1.7860	1.9171	2.1504

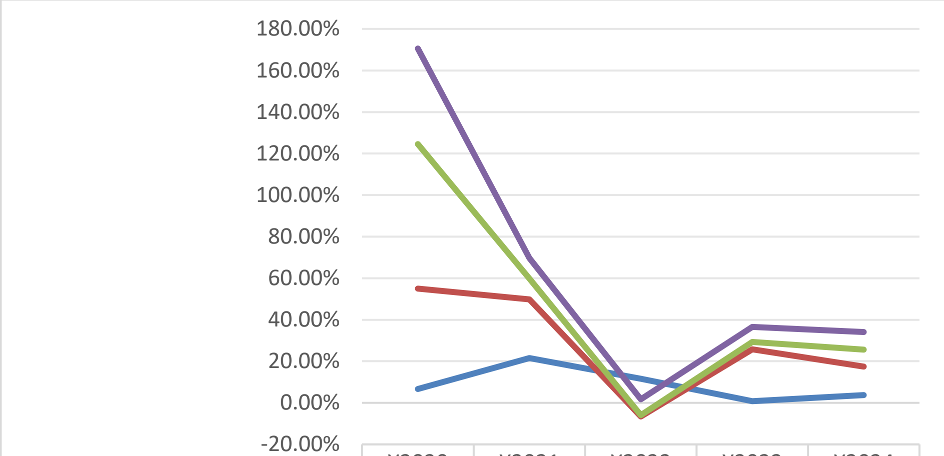
The company' s Current Ratio increased steadily from 1.37 in 2020 to 2.15 in 2024, indicating a continuous strengthening of short-term liquidity. In the food and beverage industry, a ratio of around 1.5-2.0 is generally considered healthy; Indofood exceeded this benchmark by 2024, reflecting improved working-capital management. Similarly, the Acid-Test Ratio rose from 0.97 to 1.66, surpassing the critical threshold of 1.0, which suggests that Indofood could cover current liabilities even without relying on inventories. The Cash Ratio more than doubled over the period, from 0.62 to 1.04, highlighting Indofood' s increasingly conservative approach to liquidity and its capacity to maintain operations or pursue investment opportunities without short-term financing pressure.

Capital Structure and Solvency

Indofood' s Debt-to-Assets Ratio (DAR) decreased from 51.5% in 2020 to 46.0% in 2023 and further to 45.9% in 2024, indicating a gradual deleveraging trend. The Debt-to-Equity Ratio (D/E) dropped from 1.06 in 2020 to 0.85 in 2024, reflecting a healthier balance between debt and equity financing. The Equity Multiplier declined correspondingly, showing reduced reliance on financial leverage. However, the Interest Coverage Ratio fluctuated significantly, falling to 3.46 in 2022 before rebounding to 6.58 in 2023 and stabilizing at 4.73 in 2024. While the ratio remains above the generally accepted minimum of 3, the volatility illustrates Indofood' s sensitivity to raw-material price shocks and profit fluctuations.

Growth Indicators

Figure 3. Growth Indicators Curve

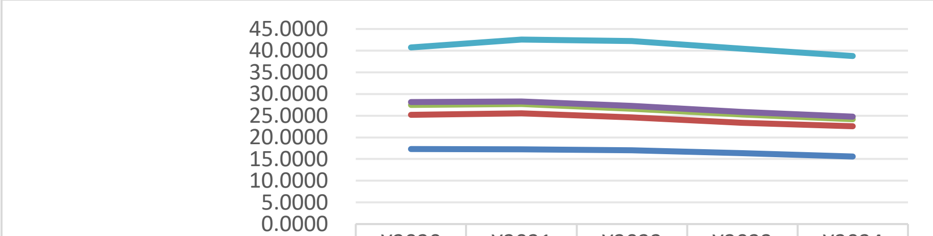


	Y2020	Y2021	Y2022	Y2023	Y2024
Equity Growth Rate	46.00%	9.92%	7.63%	7.31%	8.49%
Total Assets Growth Rate	69.58%	9.89%	0.65%	3.41%	8.11%
Net Income Growth Rate	48.27%	28.31%	-18.14%	25.03%	13.78%
Revenue Growth Rate	6.71%	21.55%	11.56%	0.79%	3.66%

Revenue growth was uneven during the period, with a high of 21.6% in 2021, declining sharply to 0.8% in 2023, and modest recovery to 3.7% in 2024. Net income growth was even more volatile, reaching 48.3% in 2020 and 28.3% in 2021, turning negative at -18.1% in 2022, then rebounding to 25.0% in 2023 and 13.8% in 2024. Total assets growth dropped sharply after 2020's exceptional 69.6% expansion, stabilizing at low single digits in 2022–2024. Equity growth followed a similar path, falling from 46.0% in 2020 to 8.5% in 2024. These figures indicate that Indofood has transitioned from a phase of aggressive expansion to one of stabilization and efficiency enhancement.

Efficiency Ratios

Figure 4. Efficiency Ratios Curve



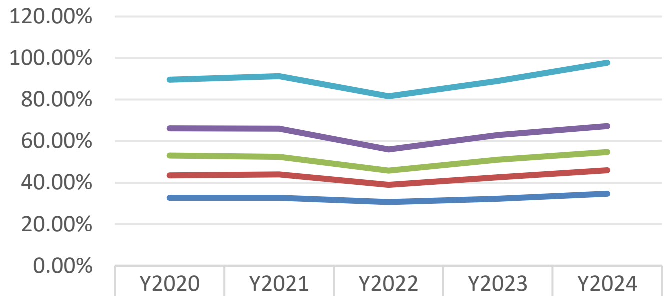
	Y2020	Y2021	Y2022	Y2023	Y2024
Accounts Payable Turnover (APT)	12.6370	14.2852	14.9647	14.5342	13.9807
Total Asset Turnover (TAT)	0.6303	0.5803	0.6162	0.6087	0.5964
Current Assets Turnover	2.3411	2.1457	2.0325	1.8936	1.6209
Inventory Turnover (IT)	7.8553	8.3364	7.5908	7.0407	6.9819
Accounts Receivable Turnover (ART)	17.3087	17.2091	17.0042	16.3329	15.5816

The Accounts Receivable Turnover (ART) decreased slightly from 17.3 times in 2020 to 15.6 times in 2024, implying a lengthening collection cycle though still well above the industry average (10‑12 times). The Inventory Turnover ratio declined from 7.9 to 7.0 over the same period, suggesting slower inventory movement but remaining within the normal food-sector benchmark of 6‑8 times. The Current Assets Turnover dropped from

2.34 in 2020 to 1.62 in 2024, while the Total Asset Turnover (TAT) hovered around 0.60–0.63, reflecting the capital-intensive nature of Indofood' s operations. The Accounts Payable Turnover remained relatively high (12.6–15.0 times), suggesting timely payments to suppliers, which secures supply-chain relationships but reduces financing flexibility.

Profitability Ratios

Figure 5. Profitability Ratios Curve



	Y2020	Y2021	Y2022	Y2023	Y2024
Profit to Cost Ratio	23.44%	25.29%	25.62%	25.99%	30.52%
Return on Equity (ROE)	13.13%	13.52%	10.18%	11.84%	12.49%
Return on Assets (ROA)	9.58%	8.46%	6.85%	8.51%	8.78%
Net Profit Margin (NPM)	10.71%	11.30%	8.29%	10.29%	11.29%
Gross Profit Margin (GPM)	32.73%	32.69%	30.65%	32.27%	34.66%

Profitability indicators show a generally favorable trend. The Gross Profit Margin (GPM) increased from 32.7% in 2020 to 34.7% in 2024, consistently outperforming the industry average of around 30%. The Net Profit Margin (NPM) fluctuated, dropping from 11.3% in 2021 to 8.3% in 2022, before rebounding to 11.3% in 2024, reflecting Indofood's ability to pass costs to consumers. The Return on Assets (ROA) declined from 9.6% in 2020 to 6.9% in 2022, then recovered to 8.7% in 2024. The Return on Equity (ROE) ranged between 10.2% and 13.5%, closing at 12.5% in 2024 — solid performance by regional standards. Finally, the Profit-to-Cost Ratio rose markedly from 23.4% in 2020 to 30.5% in 2024, underscoring improvements in cost efficiency.

DISCUSSION

The analysis of PT Indofood's financial performance, when integrated with both macro- and micro-environmental assessments, provides a comprehensive picture of the company's current position and future prospects. From a macro perspective, the PESTEL framework indicates a generally favorable operating environment in Indonesia. Political stability and government support for the food sector provide a secure policy foundation, while steady economic growth and a young, urbanizing population continue to drive demand for convenient and affordable food products (De Sousa & Castañeda-Ayarza, 2022). Nevertheless, the company's heavy reliance on imported wheat exposes Indofood to exchange rate volatility and global commodity price fluctuations, while increasingly stringent environmental and health regulations add complexity to regulatory compliance and operational costs (Indriastuti & Chariri, 2021).

From a micro-environmental standpoint, SWOT analysis and Porter's Five Forces reveal both strengths and competitive pressures. Indofood's vertically integrated value chain and strong brand portfolio remain significant competitive advantages, reinforced by a nationwide distribution network that supports its market leadership (Benzaghta et al., 2021; Kostetska, 2022). However, intense competition from domestic and international players continues to exert pressure on profit margins. In addition, the growing availability of substitute products, including food delivery services and healthier instant food alternatives, requires Indofood to pursue continuous innovation to sustain consumer loyalty. The bargaining power of large-scale retailers further underscores the importance of brand equity and product differentiation in maintaining competitive positioning (Kostetska, 2022).

Financial indicators largely support Indofood's strong corporate standing. Liquidity ratios, with the current ratio increasing from 1.37 in 2020 to 2.15 in 2024 and the cash ratio exceeding 1.0 in 2024, indicate robust short-term solvency and the company's ability to meet its immediate obligations. This finding is consistent with prior studies emphasizing the role of liquidity management in enhancing financial stability (Asiani & Rahayu, 2024; Dahiyat et al., 2021). Solvency ratios show a steady decline in leverage, as reflected by the debt-to-equity ratio decreasing from 1.06 to 0.85, suggesting an increasingly resilient capital structure and reduced financial risk (Ruslim & Muspyta, 2021; Vu Thi & Phung, 2021). Profitability indicators also improved, with net profit margin recovering from 8.3 percent in 2022 to 11.3 percent in 2024 and return on equity stabilizing at approximately 12 to 13 percent, confirming Indofood's continued ability to generate satisfactory returns for shareholders (Agustin et al., 2023; Yuwono et al., 2024).

Despite these strengths, efficiency ratios reveal emerging challenges. Accounts receivable turnover and inventory turnover exhibit a gradual decline, indicating increasing pressure on working capital management and supply chain efficiency. Similar patterns have been documented in prior empirical studies, which highlight that declining efficiency ratios may signal operational rigidities and rising competitive pressures (Amanda, 2019; Harmono et al., 2023). Growth indicators further point to a moderation in expansion. While equity continued to grow at an average annual rate of approximately 8 percent, revenue growth declined from double-digit levels during 2020–2022 to below 4 percent in 2023–2024. This trend suggests a maturing domestic market and intensifying competition, reinforcing the need for alternative growth strategies (Medina-Albaladejo, 2025).

Taken together, these findings suggest that Indofood's outlook is characterized by stable but decelerating growth, supported by strong financial fundamentals and market leadership but constrained by market maturity and external risks. To sustain long-term development, Indofood should leverage its scale and extensive distribution capabilities to expand beyond the domestic market, particularly into other Southeast Asian and African markets where demand for instant and packaged food products continues to grow (Agustin et al., 2023). Concurrently, continuous product innovation, especially in the healthier food segment, will be essential to respond to shifting consumer preferences and maintain differentiation in an increasingly competitive landscape (Indriastuti & Chariri, 2021).

From a risk management perspective, Indofood should continue diversifying its raw material sourcing and consider hedging strategies to mitigate exposure to wheat price volatility and currency fluctuations. Enhancing efficiency in receivables and inventory management will further strengthen operational resilience and financial performance (Vu Thi & Phung, 2021; Dahiyat et al., 2021). Moreover, greater integration of sustainability practices, particularly in palm oil production and packaging, can help the company comply with tightening environmental standards while simultaneously strengthening its reputation among global investors and consumers (Gallego-Álvarez et al., 2015; Amin & Cek, 2023).

In conclusion, Indofood is well positioned to maintain its leadership in Indonesia's food industry. However, its long-term success will depend on its ability to capitalize on existing strengths, address operational inefficiencies, and proactively manage external risks. Strategic international expansion, sustained innovation in healthier product lines, and improved supply chain efficiency are expected to be the key drivers of Indofood's sustainable growth over the coming decade.

CONCLUSION

The analysis of PT Indofood's financial ratios and strategic environment from 2020 to 2024 indicates that the company has maintained stable development. Its short-term solvency and capital structure have continuously improved, while profitability, after a period of fluctuation, has gradually recovered, ensuring stable shareholder returns. However, operational efficiency has shown signs of decline, suggesting challenges in working capital management. From the external environment perspective, Indonesia's strong economy and demographic dividend provide a solid foundation for long-term growth, yet dependence on imported raw materials, a maturing domestic market, and intensifying competition remain key constraints for the company's future expansion.

Based on these findings, Indofood is advised to leverage its integrated value chain and strong brand to consolidate its domestic leadership while accelerating international expansion, particularly in Southeast Asia and Africa. At the same time, continuous innovation in healthy and functional food products will be essential to meet shifting consumer demand. In terms of risk management, the company should diversify raw material sourcing, apply financial hedging to reduce cost volatility, and improve receivables and inventory turnover to enhance efficiency.

The significance of this study lies in its integration of financial ratio analysis with strategic frameworks, providing a systematic evaluation of Indofood's overall performance. The findings not only offer practical insights for the company's strategic planning but also serve as a useful reference for other firms in Indonesia's food industry.

LIMITATION

Several limitations should be acknowledged in this study. First, the analysis relies on consolidated financial data obtained from publicly available sources, including annual reports, press releases, and financial databases. Although these sources are generally reliable, they lack segment-level granularity, which limits the ability to assess financial performance at the divisional level, such as comparisons between Consumer Branded Products and Agribusiness. Second, the selected time frame (2020–2024) encompasses extraordinary conditions, including the COVID-19 pandemic, global commodity price shocks, and supply-chain disruptions, which may distort long-term financial patterns and reduce the generalizability of the observed performance trends. Third, industry benchmarking in this study is based on available average indicators for food and beverage peers; a more precise comparison with direct Indonesian competitors would provide a stronger relative evaluation. Finally, although the HAVAL framework offers a holistic perspective on financial and strategic performance, the study does not incorporate qualitative primary data, such as management interviews or stakeholder surveys, which could further enrich the assessment of leadership, governance, and accountability dimensions.

ACKNOWLEDGMENT

Here, I would like to express my sincere gratitude to President University of Indonesia for supporting my writing, and to my supervisor for his valuable advice and assistance

DECLARATION OF CONFLICTING INTERESTS
The authors have declared no potential conflicts of interest concerning the study, authorship, and/or publication of this article.

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