

Original Article

Financial Performance Evaluation of PT PP London Sumatera Indonesia Tbk Using Financial Ratio Analysis for 2024

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Abstract: This research was conducted to measure the financial performance of PT PP London Sumatra Indonesia Tbk in 2024. In this study, the author solely uses secondary data from the financial statements and annual reports of PT PP London Sumatra Indonesia Tbk, which are available on the Indonesia Stock Exchange and the company's official website. The author will then assess the company's financial performance using methods commonly used to analyse financial statements, including liquidity ratios, activity ratios, debt ratios, profitability ratios, and market ratios. Based on the results of the financial performance analysis at PT PP London Sumatra Indonesia Tbk conducted by researchers, it appears that the company has good overall financial performance and is experiencing improvements. This is based on the researchers' analysis and calculations of the company's financial statements, which show improvements across all aspects of the company's finances, except for the activity ratio, which slowed.

Keywords: Financial Performance Analysis, Financial Ratio Analysis, Liquidity Ratios, Profitability Ratios, Solvency (Debt) Ratios, Activity Ratios, Market Ratios, Corporate Financial Performance, Annual Financial Statements, Indonesia Stock Exchange.

I. INTRODUCTION

Indonesia is a country that is quite dependent on the agricultural sector for its economic growth, based on data from Badan Pusat Statistik (2025) regarding the distribution of Gross Domestic Product in Indonesia according to business sectors in 2024, it can be seen that the agriculture sector contributed around 13.18% of Indonesia's total Gross Domestic Product in 2024, which makes the agriculture sector become the third largest contributor to Gross Domestic Product in Indonesia. This shows that Indonesia remains highly dependent on the agricultural sector for economic growth. Furthermore, Table 1 below presents data on Indonesia's Gross Domestic Product distribution across agricultural sectors.

Table 1: Indonesia GDP Distribution across Agriculture Sectors

Sectors	GDP (Billions of Rupiah)	Percentage
Crops	485,661.40	17.40%
Horticulture	308,557.10	11.05%
Plantation	922,239.00	33.04%
Livestock	349,843.90	12.53%
Services	40,879.90	1.46%
Forestry	129,569.50	4.64%
Fisheries	554,677.20	19.87%
Total	2,791,498.00	100.00%

Source: BPS Indonesia (2025).

The table is divided into seven sectors, consisting of the crops sector, horticulture sector, plantation sector, livestock sector, services sector, forestry sector, and fisheries sector. Based on this data, the plantation sector contributes 33.04 percent of the total gross domestic product across the agriculture sector, making the plantation sector the highest contributor to gross domestic product across the agriculture sector in Indonesia. Then followed by the fisheries sector as the second-highest contributor to Indonesia's gross domestic product in the agriculture sector, with a 19.87% contribution to GDP.

PT PP London Sumatera Indonesia Tbk is a public company that has operated in the plantation sector since 1906, when Harrisons & Crosfield Plc, a general trades and plantation management services company, opened its first plantation in Indonesia, located close to the capital city of North Sumatra, Medan. Currently, PT PP London Sumatera Indonesia Tbk focuses on four different product portfolios, such as (1) Palm oil; (2) Rubber; (3) Palm Seed; and (4) Other Products. PT PP London Sumatera Indonesia Tbk first conducted Initial Public Offering in 1996 on Jakarta and Surabaya Stock Exchange



(Currently Indonesia Stock Exchange or IDX) at the price of Rp4,650 per-share at the time of Initial Public Offering and then acquired by PT Indofood Agri Resources Ltd. through one of its subsidiaries called PT Salim Ivomas Pratama Tbk (SIMP) and become the majority shareholder in the company. Currently, PT PP London Sumatra Indonesia Tbk is part of the PT Indofood Sukses Makmur (Indofood) group (PT PP London Sumatra Indonesia Tbk, 2024).

Based on the annual report of PT PP London Sumatera Indonesia Tbk, in 2024, it can be seen that the stock price performance of the company on the Indonesia Stock Exchange (IDX) has experienced an increase from the original value of Rp890 at the end of 2023 for each share to Rp975 at the end of 2024. This has sparked curiosity among researchers to see what changes have occurred to improve the company's stock price performance in 2024 compared to the previous year.

II. LITERATURE REVIEW

Financial Reports are a standard practice for providing an accurate picture of a company's financial position, including revenue, costs, profits, capital, and cash flow, to parties related to the company, especially investors (Lessambo, 2018). According to Penman (2013), Financial Reports usually contain information that can be used to help analysts conclude the fundamental value of a company and consist of a Balance Sheet, Income Statement, Cashflow Statement, the Statement of Shareholders' Equity, and finally, there are the Footnotes and Supplementary Information to Financial Statements.

Munte & Perwira Ompusungu (2023), in their literature review about financial management, said that the scope of financial management is discussed in terms of the decision of investment, financing, and dividend payout of the firm, and the goals of the financial management are to maximize the firm's value through all three kinds of decisions. According to Muhammaddin et al. (2024), one of the objectives of financial reports is to present data to potential investor, creditors, and other users to support rational investment, credit, and similar decisions. Therefore, financial reports must provide information that is helpful now and in the future to parties with an interest in the company, such as investors and creditors.

Financial Statement Analysis is essentially about understanding and evaluating a company's financial statements to predict its future financial performance. It also aims to provide a deeper understanding of the company's profitability and risk levels. Every company always wants its business to grow. Financial performance is not just a testing tool, but also a basis for assessing a company's financial position through analysis. Therefore, the better the financial ratio result, the higher the asset productivity in generating net profit, which can increase the company's attractiveness to investors (Dwi Desriyunia et al., 2023).

One of the most important indicators for investors in making investment decisions is the firm's stock price performance. Higher stock prices will increase investors' confidence in the company's performance, both current and future. Based on the literature research conducted by Muktiadji & Pamungkas (2022), the stock price of the firm is affected by the company's financial ratio performance, such as liquidity ratios, activity ratios, debt ratios, profitability ratios, and market ratios.

III. RESULTS AND DISCUSSION

A) Balance Sheet

Simon J. Lawrence (2020) states in his book that the balance sheet is one of the most important parts of a financial report. The balance sheet provides an overview of a company's value as of the date it is prepared. The balance sheet typically presents a company's financial position under Assets, Liabilities, and Equity.

Table 2: Balance Sheet (In millions of Rupiah)

	2024	2023
Current Asset	7,117,283	5,376,837
Non-Current Asset	6,724,673	7,137,366
Total Asset	13,841,956	12,514,366
Current Liability	677,973	564,496
Non-Current Liability	604,229	602,266
Total Liability	1,282,202	1,166,762
Equity	12,556,754	11,347,441

Source: Financial Statements of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk and Its Subsidiaries (2024)

Table 2 above shows the 2024 balance sheet statement compared to 2023. Generally, the total assets value of PT PP London Sumatera Indonesia Tbk increased by 10.61% compared to 2023. Then, if we look more deeply at the company's assets, we see that the current assets of PT PP London Sumatera Indonesia Tbk increased by 32.37% compared to 2023, while the company's non-current assets decreased by 5.78%. The increase in the firm's total assets is also accompanied by an increase in its total liabilities. In 2024, the liabilities of PT PP London Sumatera Indonesia Tbk increased by 10.15% from Rp1,166,762 (in millions) at the end of the 2023 period to Rp1,282,202 (in millions) at the end of the 2024 period. The

company's equity also increased by 10.66% due to an increase in the value of the Company's retained earnings from IDR 9,624,141 (in millions) to IDR 10,834,706, or approximately 12.58%.

B) Income Statement

Fridson & Alvarez (2022), in their book entitled “*Financial Statement Analysis*”, state that one of the things that must be considered in analyzing the profit and loss report is the company's cost structure.

Table 3: Income Statement (In millions of Rupiah)

	2024	2023
Revenue from Contract	4,562,503	4,189,896
Cost of Goods Sold	(2,570,542)	(3,039,028)
Gross Profit	1,991,961	1,150,868
Operating Profit	1,550,851	759,425
Financial Income	216,888	155,566
Net Income Before Tax	1,773,053	911,426
Net Income of the Year	1,475,654	760,673

Source: Financial Statements of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk and Its Subsidiaries (2024)

Table 3 above discusses the income statement of PT PP London Sumatera Indonesia Tbk in the 2023-2024 financial period. Based on the data, it can be seen that PT PP London Sumatera Indonesia Tbk in 2024 is experiencing an increase in revenue from contracts by 8.89% compared to the previous year, from Rp4,189,896 (in millions) at the end of the 2023 period to Rp4,562,503 (in millions) at the end of the 2024 period. On the contrary, the cost of goods sold of PT PP London Sumatera Indonesia Tbk decreased by about 15.42% due to higher inventory values at the end of the 2024 period. It increases the company's gross profit by 73.08%, from Rp1,150,868 (in millions) at the end of 2023 to Rp1,991,961 (in millions) at the end of 2024. As a result, it also affects the operating profit of PT PP London Sumatera Indonesia Tbk in 2024, which increased by 104.21% compared to the previous year.

In addition, **Table 3** provides information on the company's other sources of income beyond its primary business activities. It shows that the company also earns income from its financial activities, including interest income from bank accounts and bank deposits, as well as revenue from short-term business loans to related parties. Then the income statement shows that PT PP London Sumatera Indonesia Tbk has been able to record revenue of Rp216,888 (in millions) at the end of the 2024 period, which is an increase compared to the previous financial period. In the end, it is known that, currently (2024), the company's financial performance is improving in terms of profitability.

C) Cashflow

Jury (2012) stated in her bo, “Cash Flow Analysis and Forecasting,” that the primary goal of businesses is to generate more cash, and that the only way for a company or businesses to fail is to run out of cash. This book also explained that generally the cashflow statement of the company consists of three types of cashflow: (1) Cashflow from operating activities; (2) Cashflow from investing activities; (3) Cashflow from financing activities.

Table 4: Cashflow Statement (In millions of Rupiah)

	2024	2023
Cashflow from Operating Activities	1,565,333	1,411,390
Cashflow from Investing Activities	(419,795)	(364,167)
Cashflow from Financing Activities	(270,103)	(366,654)
Net Cashflow	875,435	680,569
Cash and Cash Equivalent at the Beginning of Period	4,511,450	3,847,390
Cash and Cash Equivalent at the End of Period	5,453,691	4,511,450

Source: Financial Statements of PT Perusahaan Perkebunan London Sumatra Indonesia Tbk and Its Subsidiaries (2024)

In order to get the perfect picture or description of the cashflow performance of the company, the writer presents the cashflow statement of PT PP London Sumatera Indonesia for 2023-2024 in the form of **Table 4**. Based on the data above, it can be seen that in both years the majority of cash is generated through operating activities. It shows that PT PP London Sumatera Indonesia Tbk's operational activities can provide sufficient cash to support the company's business activities, including financing and investing activities. Moreover, the cash flow generated by operating activities also increased by 10.91% from Rp1,411,390 (in millions) at the end of the 2023 period to Rp1,565,333 (in millions) at the end of the 2024 financial period. The increase in cash flow from operating activities is also accompanied by an increase in the company's capital expenditure, driven by the addition of fixed assets in the form of bearer plants and plasma receivables (Loan provided to

plasma farmers empowered by PT PP London Sumatera Indonesia Tbk). This increased the Company's cash and cash equivalents, which at the end of the 2023 period was Rp4,511,450 (in millions) and at the end of the 2024 financial period was Rp5,453,691 (in millions). Equally important, the writer also compared cash flow from operating activities and net cash flow from investing activities to analyse the free cash flow of the firms. Table 5 below presents data about the amount of free cash flow generated by PT PP London Sumatera Indonesia Tbk.

Table 5: Cashflow Statement (In millions of Rupiah)

	2024	2023
Cashflow from Operating Activities	1,565,333	1,411,390
Net Cashflow Used for Investing Activities	(419,795)	(364,167)
Free Cash Flow of the Firm	1,145,538	1,047,223

Source: Researcher (2025).

Based on **Table 5** data, it is known that for the 2023-2024 financial period, PT PP London Sumatera Indonesia Tbk has a positive free cash flow and even manages to increase its free cash flow of the firm for around 9.39% from Rp1,047,223 (in millions) in the end of 2023 to Rp1,145,438 (in millions) in the end of 2024 period. It means that PT PP London Sumatera Indonesia Tbk is already able to manage its productivity without relying on additional investments.

D) Financial Performance Analysis

Thompson et al. (2016) stated that one of the tools to evaluate the business strategy performance of the firm is by analyze the financial performance of the firm through financial ratios analysis, which consists of (1) Profitability Ratio; (2) Liquidity Ratio; (3) Leverage or Solvability Ratio; and (4) Activity Ratio. **Table 6** below provides the calculation results of the Profitability Ratio analysis.

Table 6: Profitability Ratio

	2024	2023
Gross Profit Margin	43.66%	27.47%
Operating Profit Margin	33.99%	18.13%
Net Profit Margin	32.34%	18.15%
Net Return on Total Assets (ROA)	10.66%	6.08%
Return on Equity	11.75%	6.70%
Return on Invested Capital	11.21%	6.37%

Source: Researcher (2025).

Based on the calculation presented in **Table 6**, it can be concluded that PT PP London Sumatera Indonesia Tbk is experiencing an increase in financial performance. It is shown by the increase in all profitability ratios, which means that the company is able to manage more profits while optimizing company's expenses.

Table 7: Liquidity Ratio

	2024	2023
Current Ratio	10.50	9.53
Net Working Capital	6,439,310	4,812,341

Source: Researcher (2025).

Liquidity ratio is a method for measuring a company's ability to meet its short-term obligations as they come due (Gitman & Zutter, 2015). **Table 7** shows the results of the liquidity ratio calculations for PT PP London Sumatra Indonesia Tbk. As a result of the calculation, compared to the previous year, PT PP London Sumatera Indonesia Tbk experienced an increase in its current ratio and net working capital. This means that currently PT PP London Sumatera Indonesia Tbk become more liquid and is more capable of satisfying its short-term obligations.

Table 8: Leverage or Solvability Ratio

	2024	2023
Total Debt to Assets Ratio	9.28%	9.32%
Long-Term Debt to Capital Ratio	4.61%	5.04%
Debt to Equity Ratio	10.24%	10.28%
Long-Term Debt to Equity Ratio	4.84%	5.31%

Source: Researcher (2025).

Based on the results of the leverage or solvency ratio calculations carried out by researchers, presented in Table 8, the percentage of company debt across all ratio analyses decreased, including the *Debt to Equity Ratio*. This shows that PT PP

London Sumatera Indonesia Tbk is currently increasingly relying on equity as its main source of funding or capital, rather than liabilities. Then, if we look deeper into the company's debt structure, we find that it consists solely of the company's payment obligations, such as accounts payable or taxes payable that have not been paid. None of it comes from loans that can create additional burdens in the form of debt costs.

Table 9: Activity Ratio

	2024	2023
Days of Inventory	88.00	51.82
Inventory Turn Over	4.15	7.04
Average Collection Period	54.75	18.84

Source: Researcher (2025).

Table 9 above presents the result of activity ratio calculations, and it appears that the company is experiencing a decline in the performance of its activities. This is indicated by the increasing value of the calculation results of Days of Inventory and Average Collection Period, which means the longer the period of inventory being held, the longer the average amount of time the company has to collect payments from customers.

IV. CONCLUSION

Based on the results of the financial performance analysis at PT PP London Sumatra Indonesia Tbk conducted by researchers, it appears that the company has good overall financial performance and is experiencing improvements. This is based on the researchers' analysis and calculations of the company's financial statements, which show improvements across all aspects of the company's finances, except for the activity ratio, which slowed.

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