



Dynamics of Financial Performance of PT Unilever Indonesia Tbk

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ABSTRACT

This study aims to analyse the financial performance dynamics of PT Unilever Indonesia Tbk (UNVR) for the period from 2021 to 2025, utilising a financial ratio analysis approach. The research data is secondary data in the form of financial reports. The analysis was conducted descriptively and quantitatively, covering liquidity, solvency, profitability, and activity ratios. The results show two contrasting phases. The first phase (2021–2024) was characterized by a consistent decline in almost all financial dimensions. The second phase (2025) showed a partial recovery following the divestment of the ice cream business, with CR increasing to 74.1%, DER correcting to 347.3%, and NPM recovering to 11.1%. However, TAT decreased for the first time to 1.60 times due to an enlarged asset base following the influx of divestment cash. The improvement in the 2025 ratio is due to a one-time divestment transaction, rather than sustained organic growth. The sustainability of this recovery depends heavily on management's ability to utilize divestment cash productively and to withhold profit distributions that exceed operational earning capacity. This research contributes to the literature on FMCG financial performance analysis in the context of multi-crisis and business transformation, and serves as a reference for investors, management, and regulators in interpreting post-divestment financial signals

INTRODUCTION

The fast-moving consumer goods (FMCG) industry is one of the pillars driving the Indonesian economy and faces intense competitive dynamics. The growth of business players, changes in consumer behaviour following the pandemic, and the widespread adoption of e-commerce platforms have driven competition to unprecedented levels (Kasmir, 2022). In this context, regular financial performance evaluations are not merely a regulatory obligation for public companies, but rather a strategic instrument for measuring a company's resilience and adaptability amid market volatility.

PT Unilever Indonesia Tbk (UNVR), which has been operating in Indonesia for over 91 years and has been listed on the Indonesia Stock Exchange since 1982, is an entity with a very high urgency for financial evaluation. The company manages 45 leading brands in the Home Care, Personal Care, Beauty & Wellbeing, and Foods segments, with a distribution network spanning over 35 depots from Sabang to Merauke (PT Unilever Indonesia Tbk, 2024).

The 2021–2025 period places Unilever Indonesia under a series of unprecedented pressures and transformations. First, the residual impact of the COVID-19 pandemic, which suppressed purchasing power in 2021–2022. Second, global raw material inflation peaked in 2022. Third, the phenomenon of consumer downtrading, which encouraged a shift to local brands. Fourth, the geopolitical boycott campaign since October 2023, which caused a significant decline in sales in several quarters (Muchran et al., 2024). Fifth, a transformative restructuring in the form of a divestment of the entire ice cream business worth IDR 7 trillion to PT The Magnum Ice Cream Indonesia in November 2024 (PT Unilever Indonesia Tbk, 2024). As a result of these pressures, net sales fell from IDR 41.22 trillion (2022) to IDR 35.14 trillion (2024), and the divestment generated IDR 7 trillion in cash inflow, fundamentally changing the balance sheet structure in 2025.

Several previous studies have examined Unilever Indonesia's financial performance, including Sari and Putra (2023), Pradana et al. (2024), and Nurul et al. (2024). However, most of these studies did not include data for 2025, the first year after the divestment, did not analyze the impact of financial statement restatements due to the reclassification of discontinued operations, and did not examine whether the 2025 structural recovery was fundamental or merely a one-time windfall effect. This research gap is the primary justification for this study. Based on this background, this study aims to determine the dynamics of PT Unilever Indonesia Tbk's financial performance and stability during the 2021–2025 period when analyzed through liquidity, solvency, profitability, and activity ratios.

THEORETICAL REVIEW

Agency Theory and Signalling Theory

This research is based on two main theories that directly frame the interpretation of each financial ratio finding. First, Agency Theory by Jensen & Meckling, (1976) explains that the relationship between principals (shareholders) and agents (management) has the potential to give rise to conflicts of interest. Financial statements serve as a monitoring mechanism that allows shareholders to objectively monitor management performance. In the context of UNVR, Agency Theory is relevant to analyzing two key phenomena, an aggressive dividend policy that consistently exceeds net income in several years, which may reflect the short-term interests of the majority shareholder (Unilever Global) over the company's financial sustainability, and the decision to divest the ice cream business, which requires review of whether it is optimal for all stakeholders or only a portion. A direct connection to the ratio is the significant decrease in equity (from IDR 4,321 billion in 2021 to IDR 2,149 billion in 2024) reflected in the DER that jumped from 341.3% to 646.6%, a clear consequence of the agency conflict between management prioritizing dividend distribution and the need to strengthen the long-term capital structure.

Second, Ross's Signalling Theory (1977) states that management communicates signals of a company's condition to investors through various financial policies. The divestment of the ice cream unit and the distribution of a large dividend in 2025 (Rp5.10 trillion exceeding the continuing operating profit of Rp3.54 trillion) are ambiguous signals. On the one hand, they signal management's confidence in the financial condition, but on the other hand, they carry the risk of further equity erosion. A direct connection with the ratio, the recovery of CR from 44.6% (2024) to 74.1% (2025) and the improvement of DER from 646.6% to 347.3% are positive signals to the market, but most of them come from one-time divestment cash rather than from organic improvements that are more credible as a signal of fundamental strength (Fahmi, 2018).

These two theories collectively form the interpretive framework used throughout the ratio analysis in this study. Each ratio movement is assessed not only technically but also interpreted in the context of management incentives, shareholder interests, and the signals communicated to investors.

Financial Statements

Financial reports are the primary means of communication between management and stakeholders. According to Kasmir (2022), financial reports show a company's current financial condition or over a specific period. Hery (2020) adds that the information in financial reports is used as a basis for decision-making by management, investors, creditors, and regulators.

In the context of this research, there is an important technical aspect that needs to be considered UNVR's 2025 financial report restates 2024 data to separate continuing operations from discontinued operations in accordance with PSAK 58 concerning Non-Current Assets Held for Sale and Discontinued Operations. This separation creates longitudinal comparability challenges that must be addressed methodologically (Brigham & Houston, 2019).

Financial Ratio Analysis

Financial ratio analysis is a method of evaluating a company's financial condition by comparing items in financial statements (Brigham & Houston, 2019). Harahap (2018) emphasized that financial ratios provide a quantitative overview of a company's strengths and weaknesses.

Liquidity ratios measure a company's ability to meet short-term obligations. The Current Ratio (CR) is calculated as current assets divided by current liabilities. The Quick Ratio (QR) excludes inventory. The ideal industry standard CR is $\geq 200\%$, and the ideal QR is $\geq 100\%$ (Kasmir, 2022). For the FMCG industry with a fast cash conversion cycle, a CR in the range of 100–150% is still acceptable.

Solvency ratios describe the proportion of debt in the capital structure. The ideal Debt to Asset Ratio (DAR) is $<35\text{--}40\%$. The ideal Debt to Equity Ratio (DER) is $<100\%$ for non-financial companies. Large FMCG companies with strong cash flow can operate at a higher DER, but a consistent increase in DER reflects structural pressures (Fahmi, 2018; Dewi, 2017).

Profitability ratios measure the ability to generate profits. The FMCG industry standard is $\text{GPM} \geq 40\%$, $\text{NPM} \geq 10\%$, $\text{ROA} \geq 10\%$, and $\text{ROE} \geq 20\%$ (Kasmir, 2022; Hery, 2020). For 2025, the analysis uses continuing operating profit to eliminate the one-time gain effect of the ice cream divestment for comparability with the previous year.

Total Asset Turnover (TAT) measures the efficiency of assets in generating sales. The FMCG industry standard is $\text{TAT} \geq 1.5$ times (good) and ≥ 2.0 times (excellent) (Brigham & Houston, 2019). Cahyani et al. (2022) showed that TAT above 2 times is positively correlated with long-term stock returns in Southeast Asian FMCG companies.

Financial Stability

Financial stability reflects a business entity's ability to maintain a sustainable balance of assets, liabilities, and equity. Fahmi (2018) emphasized that a stable company is one that can effectively manage its resources while minimizing the risk of default. Susanto and Anggraini (2023) found a correlation between high DER and long-term financial stability pressures in FMCG companies, which is highly relevant to UNVR's situation.

Previous Research

Nurul et al. (2024) analyzed UNVR's financial performance for the 2021–2023 period and found that its liquidity and profitability were considered poor, although solvency and activity levels remained adequate. This study serves as an important baseline for our study, which extends the scope to 2025. Pradana et al. (2024) analyzed UNVR's financial statements for 2022–2024 and found a continuing decline in liquidity ratios and high leverage, but the activity ratio still showed strong performance. The findings on liquidity pressure are consistent with the results of this study, but do not include the impact of the 2025 divestment.

Muchran et al. (2024) examined the impact of the geopolitical boycott campaign on UNVR's financial performance and found a significant impact on the Current Ratio since the fourth quarter of 2023. This finding provides an important contextual explanation for the decline in CR to a critical level in 2024, which was also found in this study. Sari and Putra (2023) concluded that financial ratio analysis consistently provides a representative picture of the financial condition of manufacturing companies, with a trend of declining liquidity and deteriorating solvency. Aرسال (2023) in a study based on 24 journals concluded that UNVR's long-term liabilities and activity ratios were under pressure due to inefficient asset management. The research gaps unanswered by these studies include the absence of data from 2025 (the first year after divestment), analysis of the implications of financial statement restatements due to the reclassification of discontinued operations, and examination of whether the 2025 structural improvements were fundamental or a temporary windfall effect.

METHODOLOGY

The research uses a quantitative descriptive method. The object of the research is PT Unilever Indonesia Tbk, selected based on four considerations, the Indonesian FMCG market leader with a market share of >34% in 2024, thus representing industry conditions, the main board issuer of the IDX with a high level of transparency and completeness of data, experiencing unique multifactorial pressures in 2021–2025 that are rich for financial performance studies and carrying out a major business transformation in the form of an ice cream divestment in 2024 that provides a natural experiment to analyze the impact of restructuring on financial ratios. The data used are secondary data in the form of annual financial reports and annual reports of PT Unilever Indonesia Tbk for the period 2021–2025, obtained from the company's official website (www.unilever.co.id) and the IDX (www.idx.co.id). The data is a five-year time series with a data point at the end of the fiscal year (December 31). This study adopts a continuing operations-based approach for the 2025 profitability and activity analysis, arguing that the 2025 total profit (Rp7.64 trillion) contains a one-time gain from ice cream sales of Rp3.79 trillion, which does not reflect ongoing operational performance. The use of continuing operations profit (Rp3.54 trillion) ensures longitudinal comparability from 2021 to 2025 and is consistent with international financial analysis practices that separate profit from regular operations from profit from one-time transactions.

Operational Definition of Variables

Table 1. Operational Definition of Variables

Variables	Operational Definition	Formula	Unit
Current Ratio (CR)	Ability to meet short-term obligations with current assets	$\text{Current Assets} \div \text{Current Liabilities} \times 100\%$	%
Quick Ratio (QR)	Ability to meet short-term obligations without inventory	$(\text{Current Assets} - \text{Inventory}) \div \text{Current Liabilities} \times 100\%$	%
DAR	Proportion of assets financed by debt	$\text{Total Liabilities} \div \text{Total Assets} \times 100\%$	%
DER	Total debt to equity ratio	$\text{Total Liabilities} \div \text{Total Equity} \times 100\%$	%
GPM	Proportion of gross profit to net sales	$\text{Gross Profit} \div \text{Net Sales} \times 100\%$	%
NPM	Final profitability after all expenses and taxes*	$\text{Net Profit}^* \div \text{Net Sales} \times 100\%$	%
ROA	Effectiveness of assets in generating net profit*	$\text{Net Profit}^* \div \text{Total Assets (end of year)} \times 100\%$	%
ROE	Shareholders' return on capital*	$\text{Net Profit}^* \div \text{Total Equity (end of year)} \times 100\%$	%
TAT	Asset turnover efficiency generates sales	$\text{Net Sales} \div \text{Total Assets}$	Time

Source: Kasmir (2022), Brigham & Houston (2019), Fahmi (2018)

*For 2025 Using Profit from Continuing Operations

RESULTS AND DISCUSSION

Financial Data of PT Unilever Indonesia Tbk 2021–2025

Table 2. Financial Data of PT Unilever Indonesia Tbk for 2021-2025 (in billions of Rupiah)

Information	2021	2022	2023	2024	2025
Total Assets (Rp M)	19,069	18,318	16,664	16,046	20,017
Current Assets (Rp M)	7,642	7,568	6,192	5,281	10,545
Inventory (Rp M)	2,454	2,625	2,422	2,506	2,453
Total Liabilities (Rp M)	14,747	14,321	13,283	13,897	15,542
Short-Term Liabilities (Rp M)	12,445	12,442	11,224	11,830	14,223
Total Equity (Rp M)	4,321	3,997	3,381	2,149	4,475
Net Sales (Rp M)*	39,546	41,219	38,611	30,623**	31,943
Gross Profit (Rp M)*	19,626	19,065	19,195	14,560**	14,997
Net Profit (Rp M)***	5,758	5,365	4,801	2,905**	3,537

Source: www.unilever.co.id

*2021–2023 including ice cream segment;

**2024 figures restated (continuing operation) per 2025 report

***2025 using continuing operating profit (Rp3,537 billion); total profit in 2025 is Rp7,641 billion

From the data, total assets that had shrunk from IDR 19,069 billion (2021) to IDR 16,046 billion (2024) jumped to IDR 20,017 billion in 2025, mainly due to the influx of IDR 7 trillion in cash from the sale of the ice cream business – reflected in the dramatic increase in current assets from IDR 5,281 billion to IDR 10,545 billion. Equity also improved from a low of IDR 2,149 billion (2024) to IDR 4,475 billion (2025), although this was partially offset by dividend payments of IDR 5.10 trillion. From the perspective of Agency Theory (Jensen & Meckling, 1976), this increase in assets and equity must be read critically: the source is a one-time divestment transaction, not the accumulation of operating profits that reflect optimal agent (management) performance for all stakeholders.

Liquidity Ratio Analysis

Industry standards used as a reference: ideal CR \geq 200%, ideal QR \geq 100% (Kasmir, 2022).

Table 3. Liquidity Ratio Analysis

Year	Current Assets (Rp M)	Inventory (Rp M)	Current Liability (Rp M)	Current Ratio	Quick Ratio
2021	7,642	2,454	12,445	61.4%	41.9%
2022	7,568	2,625	12,442	60.8%	39.8%
2023	6,192	2,422	11,224	55.2%	33.6%
2024	5,281	2,506	11,830	44.6%	23.3%
2025	10,545	2,453	14,223	74.1%	56.9%
Industry Standards	–	–	–	\geq 200%	\geq 100%

Liquidity ratios show two contrasting phases. The first phase (2021–2024) saw a consistent and worrying downward trend. CR plummeted from 61.4% (2021) to a low of 44.6% (2024), while QR fell from 41.9% to 23.3%. Both were well below industry standards throughout the period, even below the minimum acceptable limit for FMCGs. The primary cause was a 30.9% contraction in current assets during 2021–2024, which outpaced the decline in current liabilities, widening the negative net working capital from -Rp4,803 billion (2021) to -Rp6,549 billion (2024). This finding aligns with Pradana et al. (2024), who also found a consistent downward trend in UNVR's liquidity during the 2022–2024 period, as well as with Nurul et al. (2024) concluded that UNVR's liquidity performance in 2021–2023 was poor. Muchran et al. (2024) added that the geopolitical boycott campaign since October 2023 has put additional pressure on operational cash flow, contributing to a decline in CR to a critical level in 2024.

The second phase (2025) saw a significant recovery. CR rose to 74.1% and QR to 56.9%, driven by the influx of cash from the divestment of the ice cream business of IDR 7 trillion, which directly increased current assets. However, both ratios remained well below industry standards. Of particular note was the increase in current liabilities to IDR 14,223 billion (2025), due in part to increased accounts payable and accruals. From a Signalling Theory perspective (Ross, 1977), the recovery of CR to 74.1% is a positive signal to the market, but discerning investors will question its sustainability given its non-recurring nature. Structurally, liquidity challenges remain unresolved, so medium-term working capital management remains a priority (Brigham & Houston, 2019).

Solvency Ratio Analysis

Industry standards: ideal DAR < 35–40%, ideal DER < 100% for non-financial companies (Dewi, 2017; Fahmi, 2018).

Table 4. Solvency Ratio Analysis

Year	Total Liabilities (Rp M)	Total Assets (Rp M)	Total Equity (Rp M)	DAR	DER
2021	14,747	19,069	4,321	77.3%	341.3%
2022	14,321	18,318	3,997	78.2%	358.3%
2023	13,283	16,664	3,381	79.7%	392.8%
2024	13,897	16,046	2,149	86.6%	646.6%
2025	15,542	20,017	4,475	77.6%	347.3%
Industry Standards	—	—	—	< 35–40%	< 100%

Source: Processed data (2026)

The solvency ratio also shows two clear phases. The deterioration phase (2021–2024) saw the DAR increase from 77.3% to 86.6%, while the DER jumped sharply from 341.3% to 646.6%. This represents a 305.3 percentage point increase in four years. The DER surge was primarily driven by a drastic erosion of equity from IDR 4,321 billion (2021) to IDR 2,149 billion (2024), as a result of a dividend policy that consistently exceeded or approached the net profit limit. In 2024, for example, the company distributed dividends of IDR 4,502 billion.

This finding is consistent with Susanto and Anggraini (2023), who found a correlation between high DER and pressure on the long-term financial stability of FMCG companies. From an agency theory perspective (Jensen & Meckling, 1976), a dividend policy exceeding net income reflects a potential conflict of interest. Management prioritizes short-term majority shareholder satisfaction while neglecting the need to strengthen the equity base necessary for long-term financial sustainability.

In the recovery phase (2025), it was found that DER was sharply corrected from 646.6% to 347.3% and DAR fell from 86.6% to 77.6%, mainly because equity jumped from IDR 2,149 billion to IDR 4,475 billion due to profits from divestment.

Profitability Ratio Analysis

FMCG industry standards: GPM \geq 40%, NPM \geq 10%, ROA \geq 10%, ROE \geq 20% (Kasmir, 2022; Hery, 2020). For 2025, the analysis uses continuing operating profit (Rp3,537 billion) to ensure comparability with 2021–2024.

Table 5. Profitability Ratio Analysis

Year	GPM	NPM*	ROA*	ROE*	Std. GPM	Standard ROA
2021	49.6%	14.6%	30.2%	133.3%	\geq 40%	\geq 10%
2022	46.3%	13.0%	29.3%	134.2%	\geq 40%	\geq 10%
2023	49.7%	12.4%	28.8%	142.0%	\geq 40%	\geq 10%
2024	47.6%	9.6%	18.1%	135.2%	\geq 40%	\geq 10%
2025*	46.9%	11.1%	17.7%	79.0%	\geq 40%	\geq 10%

Source: Processed data (2026)

*2025 using continuing operating profit; GPM = 14,997/31,943; NPM = 3,537/31,943; ROA = 3,537/20,017; ROE = 3,537/4,475. ROA and ROE for the entire period are calculated using total assets and equity at the end of the reporting period (December 31).

GPM has remained relatively stable at 46–50% throughout the five years, consistently exceeding the industry standard of 40%. GPM stability amid declining sales and raw material inflation pressures in 2022–2023 reflects strong cost management and maintained supply chain efficiency. In 2025, GPM will decline slightly to 46.9% on a continuing operations basis, which is reasonable considering the changing product mix following the discontinuation of the ice cream segment.

NPM shows a more dynamic trend, decreasing from 14.6% (2021) to a low of 9.6% (2024), exceeding the industry standard of 10%, before recovering to 11.1% (2025). The decline in NPM to below standard in 2024 differs from the findings of Nurul et al. (2024) who used 2021–2023 data and did not record this low point. The recovery in NPM in 2025 reflects real improvements, with marketing expenses decreasing from IDR 7,671 billion (2024 restated) to IDR 7,397 billion (2025), and general and administrative expenses decreasing from IDR 3,064 billion to IDR 2,963 billion. The cost efficiency program launched in 2024 began to show results in 2025 (PT Unilever Indonesia Tbk, 2025).

ROA fell from 30.2% (2021) to 17.7% (2025), although throughout the period it remained above the industry standard of 10%. This decline reflects a combination of an expanding asset base (Rp20.02 trillion in 2025 due to divestment cash inflow) while continuing operating profit (Rp3.54 trillion) was only slightly above that in 2024. The ROE decline from 135.2% (2024) to 79.0% (2025) should be interpreted as a positive signal. The decline in ROE is not due to deteriorating performance, but rather due to the now significantly larger equity (Rp4,475 billion vs. Rp2,149 billion).

Activity Ratio Analysis

FMCG industry standard: TAT \geq 1.5 times (good), TAT \geq 2 times (very good) (Brigham & Houston, 2019).

Table 6. Activity Ratio Analysis

Year	Net Sales (Rp M)	Total Assets (Rp M)	TAT (times)	Industry Standards
2021	39,546	19,069	2.07	\geq 2.0 times
2022	41,219	18,318	2.25	\geq 2.0 times
2023	38,611	16,664	2.31	\geq 2.0 times
2024	30,623*	16,046	1.91	\geq 2.0 times
2025*	31,943	20,017	1.60	\geq 2.0 times

Source: Processed Data (2026)

*2025 using continuing operation sales (Rp. 31,943 M) and total assets of Rp. 20,017 M

TAT was the only ratio to experience significant deterioration in 2025 after four years (2021–2024) consistently above or near the industry standard. TAT fell from 1.91 times (2024 continuing basis) to 1.60 times (2025), the first time it fell below the industry standard of 2.0 times during the study period.

The reasons are dual structural are 2025 continuing operations sales (Rp31.94 trillion) are smaller than 2024 because the ice cream segment, which contributed to sales, has been divested, and total assets surged to Rp20.02 trillion due to the influx of divestment cash, significantly increasing the TAT denominator. This finding differs from Pradana et al. (2024) who found TAT to remain strong in 2022–2024, as their study used total sales (including ice cream) without any continuing-operations adjustment.

This decline does not reflect operational inefficiencies, but rather the transitional effects of business restructuring. Cash from divestment (Rp5.71 trillion held as cash and cash equivalents as of December 31, 2025) has not been fully redeployed to productive assets that generate income. Cahyani et al. (2022) stated that the TAT of post-restructuring FMCG companies requires 1–2 years of adjustment before returning to optimal levels, which is consistent with the conditions of UNVR 2025. From the perspective of Signalling Theory (Ross, 1977), this decline in TAT should encourage management to send a clear signal regarding the divestment cash allocation plan to investors

CONCLUSIONS AND RECOMMENDATIONS

Based on the financial ratio analysis of PT Unilever Indonesia Tbk for the 2021–2025 period, this study addresses the problem formulation, namely the dynamics of financial performance divided into two distinct phases. The deterioration phase (2021–2024) is characterized by a consistent decline in almost all dimensions except GPM. Multifactorial pressures such as the pandemic, inflation, downtrading, and geopolitical boycotts simultaneously suppress revenue and erode the equity base through an aggressive dividend policy. Furthermore, the transition and partial recovery phase (2025) is characterized by improved liquidity sourced from cash from the ice cream business divestment.

Furthermore, overall financial stability remains vulnerable despite improving. Improvements in DER and CR in 2025 stem from one-off transactions rather than organic growth. Its sustainability depends heavily on management's ability to utilize divestment cash productively and prevent profit distributions that again exceed operational earning capacity.

Research Implications

Theoretically, this study validates the relevance of Agency Theory in explaining the conflict of interest between short-term dividend policy and financial sustainability, and Signalling Theory in understanding the ambiguity of simultaneous divestment and large dividend signals. The findings of this study also enrich the literature on FMCG financial performance analysis in the context of multiple crises and business transformation, complementing the studies of Nurul et al. (2024) and Pradana et al. (2024) with 2025 data and a continuing operations approach. Practically for management, these findings emphasize the urgency of capitalizing on the 2025 divestment cash momentum to strengthen working capital and reduce leverage sustainably. For investors, it is important to distinguish between increasing equity-based ROE (2025) and decreasing (2021–2024) to avoid misinterpretation.

Research Limitations

This study has several limitations. First, the analysis only covers one company, so the findings cannot be directly generalized to the entire FMCG industry. Second, for 2025, the use of continuing operating profit is a debatable methodological choice. Other researchers might prefer to use total profit. Third, the study does not use a bankruptcy prediction model (Altman Z-Score), which could enhance the stability analysis.

FURTHER STUDY

This research still has limitations so that further research is needed on the topic of Dynamics of Financial Performance of PT Unilever Indonesia Tbk to perfect this research and increase insight for the author and readers.

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