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The Impact of Financial Consolidation on Corporate Performance: A Case Study of PT Astra International Tbk (ASII) for 2022-2024

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Abstract: *Consolidation is the process of merging two or more companies into a single entity to strengthen the business, reduce competition, increase market share, and drive company growth. Therefore, this study analyzes the impact of consolidation on company performance through key indicators, namely liquidity, equity-earnings-based metrics, and company profitability, using financial ratio analysis such as the Current Ratio (CR), Earnings Per Share (EPS), and Net Profit Margin (NPM). This study adopts a quantitative approach, utilizing secondary data from financial statements of PT Astra International Tbk for the period 2022-2024. The secondary data sources include journals and articles from websites. The results of this study indicate that the consolidation of PT Astra International Tbk from 2022 to 2024 has both positive and negative effects on the company's financial performance. Consolidation can initially boost revenue and profits, but its performance tends to fluctuate due to financial adjustments and additional operational costs.*

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Introduction

Consolidation is a type of business combination where two or more companies merge into a new company, transferring assets and liabilities to this newly formed entity. The operational activities of each previous company then continue as one single entity after the consolidation. The goal of financial consolidation is to boost competitiveness, expand markets, and enhance operational efficiency (Baker et al., 2019). PT Telkom Indonesia reported consolidated revenues in the first and third quarters of 2025, demonstrating strong financial performance after consolidation, with a profit margin of 15.9% (PT Telkom Indonesia, 2025). This consolidation by PT Telkom Indonesia shows a positive impact, improving the company's financial performance and increasing profits.

In response to the rapid pace of globalization, large companies must provide accurate and transparent financial reports that serve their stakeholders. The challenges of globalization are growing, driven by fluctuating exchange rates, rising global interest rates, and economic slowdowns in various countries (Rosyidah, 2025). Under these conditions, the need for financial information that is both accurate and comprehensive becomes increasingly important. Parent companies with many subsidiaries across different sectors or countries cannot rely solely on individual financial reports from these subsidiaries. These reports do not fully reflect the overall financial position and performance of the organization. Therefore, consolidated financial statements are crucial for providing an accurate view of the company's assets, liabilities, and overall performance (Khaerunnisa et al., 2024).

A consolidated report is a document that results from combining the financial statements of a parent company with all its subsidiaries. A parent company is one that has the ability to control one or more subsidiaries and has a stake in the property, assets, and economic activities of those subsidiaries (Pratiwi et al., 2023). The purpose of a consolidated report is to provide objective information about the company's financial performance and condition, as well as to reveal the nature of the relationship between the parent and its subsidiaries. This allows interested parties, such as investors and auditors, to view and assess both entities comprehensively and accurately (Afrilia et al., 2023). In Indonesia, consolidated reporting originally referred to the 2009 revised Statement of Financial Accounting Standards (PSAK) 4, which applies to both consolidated and individual financial statements. However, the consolidation standard has undergone significant changes since then, with the 2009 Revised PSAK 4 being replaced by PSAK 65 (Ryketeng et al., 2023). PSAK 65 was established by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI). Under PSAK 65, consolidated financial statements are required to present the financial position and operating results of a group of companies as an economic entity (Setyaningsih et al., 2025).

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One company with numerous subsidiaries across various industrial sectors, from automotive and financial services to heavy equipment, mining, agribusiness, and information technology, is PT Astra International Tbk (Listyawati et al., 2025). As the parent company, PT Astra International Tbk oversees the operations of its subsidiaries and is responsible for overall financial control, governance, and reporting. PT Astra International Tbk can apply PSAK 65 because it has many subsidiaries, allowing the company to consolidate financial statements from all entities under its control (Setyaningsih et al., 2025). Implementing financial statement consolidation at PT Astra International Tbk is essential for evaluating the company's overall performance. Consolidated financial statements are expected to provide a more comprehensive view of the company's financial health, including profitability, liquidity, and changes in equity after consolidation (Wahdiyanti et al., 2024).

This study focuses on analyzing the impact of financial consolidation on company performance metrics such as profitability, liquidity, and earnings per share (EPS) at PT Astra International Tbk. Liquidity will be assessed using the Current Ratio (CR), profitability through the Net Profit Margin (NPM), and the earnings-based ratio via EPS. Several studies have examined how consolidation affects a company's financial performance. Research by Wahdiyanti et al., (2024) indicates that consolidation has both positive and negative effects, shown by increased liquidity and earnings ratios, while profitability measured by NPM declines. Similarly, Masrukhan et al., (2024) demonstrate that consolidation influences a company's assets and liabilities.

Even though many studies explore the impact of consolidation on financial performance, few focus specifically on large companies like PT Astra International Tbk. Research by Priatna et al., (2024) discusses the application of consolidation principles under PSAK and IFRS but does not assess financial performance. Amalia et al., (2024) concentrate on PSAK 65 implementation without examining its effect on financial outcomes. Additionally, Wahdiyanti et al., (2024) found that consolidation significantly impacts profitability, liquidity, and earnings-based metrics. Therefore, this study aims to deepen understanding of how financial consolidation influences large, multi-entity companies such as PT Astra International Tbk.

Research Methods

This research design employs quantitative methods with a case study approach at PT Astra International Tbk (ASII). The primary aim of this study is to analyze how the consolidation of financial statements impacts the company's performance, including liquidity, profitability, and equity-based earnings. Data analysis involves calculating financial ratios such as the Current Ratio (CR), Net Profit Margin (NPM), and Earnings Per Share (EPS). These ratios provide a deeper evaluation of PT Astra International Tbk's financial performance following the completion of the consolidation process.

The data used are secondary data collected from various sources. One key source is the annual financial reports of PT Astra International Tbk published for 2022-2024 on the Indonesia Stock Exchange (IDX). Additionally, the study includes internal documents related to the consolidation process, as well as relevant academic literature and references. Data

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collection was performed through document review, focusing on financial reports and supporting documents obtained from official company sources. The analysis centers on identifying and evaluating items in the consolidated financial statements to determine any significant changes, such as increases or decreases, in financial performance after consolidation. This approach aims to enhance understanding of how financial statement consolidation influences managerial efficiency and corporate decision-making.

Result and Discussion

4.1 Company Overview

PT Astra International Tbk is one of the largest multinational corporations in Indonesia. The company operates across various industrial sectors, including automotive and mobility, financial services, heavy equipment, mining, construction and energy, agribusiness, infrastructure, information technology, and the property sector. Astra is a publicly traded company founded on February 20, 1957, and headquartered in Jakarta. As of 2024, Astra has 301 subsidiaries engaged in various business fields, making it one of the entities with the largest consolidated reports on the Indonesia Stock Exchange (PT Astra International Tbk, 2025).

Astra's business activities are divided into seven main segments: automotive, cement, and others. Astra partners with PT Isuzu Astra Motor Indonesia, PT Toyota-Astra Motor, and PT Astra Honda Motor in the automotive segment. In financial services, Astra has full control over PT Astra Sedaya Finance, PT Federal International, and PT Asuransi Jiwa Astra. The heavy equipment, mining, construction, and energy segments are managed by PT United Tractors Tbk, PT Kalimantan Prima Persada, PT Tuah Turangga Agung, and PT Agincourt Resources.

In the agribusiness sector, PT Astra Agro Lestari Tbk is Astra's sole subsidiary with 79.68% ownership. In infrastructure and logistics, Astra controls PT Astra Nusa Perdana, PT Astra Tol Nusantara, PT Serasi Autoraya, and PT Pelabuhan Penajam Banua Taka. In the information technology segment, it operates through PT Astra Graphia Tbk, PT Astragraphia Xprins Indonesia, and PT Astra Graphia Information Technology. In the property sector, Astra develops various commercial and residential projects via PT Astra Land Indonesia, PT Menara Astra, and PT Bhumi Prama Arjasa. With its numerous subsidiaries, Astra has a broad and complex business structure (Bursa Efek Indonesia, 2024).

Financial statements are prepared on a consolidated basis to present the group's overall performance. Consolidation ensures that all assets, liabilities, revenues, and expenses of subsidiaries are reflected in Astra's parent company's financial statements.

4.2 Consolidation and Acquisition Activities 2022-2024

PT Astra International Tbk has been conducting a series of financial consolidation activities through acquisitions that increase the number of subsidiaries under its control from

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2022 to 2024. This strategy aims to strengthen the business portfolio and enhance the contribution of subsidiaries to Astra's financial results.

In 2022, Astra, through United Tractors, acquired a majority stake in PT Stargate Pacific Resources and PT Stargate Mineral Asia, which are involved in nickel mining and processing. Both entities are under Astra's control and included in the consolidated statements. Also in 2022, Astra acquired a 49.56% stake in PT Bank Jasa Jakarta in partnership with WeLab. While not a majority shareholder, this ownership structure makes the bank a jointly controlled entity that influences the consolidated financial position.

In 2023, Astra fully acquired PT Tokobagus (OLX Indonesia), expanding its portfolio into the digital sector. Additionally, Astra purchased a 96.92% stake in PT Bhumi Prama Arjasa, the owner of the Mandarin Oriental Hotel Jakarta. This purchase increased Astra's consolidated assets and revenue and strengthened its position in the property segment. Moreover, through United Tractors, Astra increased its holdings in several nickel mining companies, further boosting its presence in the mining industry.

In 2024, Astra increased its holdings in the healthcare sector by acquiring a 95.8% stake in Heartology Cardiovascular Hospital. This acquisition added a new entity to the consolidated financial statements and diversified Astra's portfolio within the healthcare industry (PT Astra International Tbk, 2025).

Overall, the consolidation activities from 2022 to 2024 showcase Astra's dedication to expanding its business. These activities significantly influence the structure of Astra's assets, liabilities, and profitability, which are crucial for assessing the company's financial health.

4.3 Financial Ratio Analysis

Year	Current Ratio (CR)	Net Profit Margin (NPM)	Earnings Per Share (in rupiah)
2022	1,509	0,134	998,43
2023	1,329	0,141	1.099,24
2024	1,327	0,131	1072,63

a. Likuidity (Current Ratio)

The Current Ratio (CR) at PT Astra International Tbk decreased by 0.18, from 1.509 in 2022 to 1.329 in 2023, and then slightly declined again to 1.327 in 2024. This decline suggests that the company's ability to meet short-term obligations has weakened, although the ratio still remains at a healthy level. This change could be due to an increase in short-term liabilities or a decrease in current assets during the consolidation period.

b. Profitability (Net Profit Margin)

Net Profit Margin (NPM) rose from 0.134 in 2022 to 0.141 in 2023, a gain of 0.007. However, in 2024, NPM fell back to 0.131. The rise in 2023 suggests strong

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profitability during the early stage of the consolidation, while the dip in 2024 may reflect increasing costs, shrinking profits, or pressure from the activities of the newly consolidated subsidiaries.

c. Equity - Earning Based (Earnings Per Share)

Earnings per share (EPS) rose from Rp998.43 in 2022 to Rp1,099.24 in 2023, showing a positive effect of consolidation on net income per share. However, in 2024, EPS slightly declined by Rp26.61 to Rp1,072.63. This drop reflects a decrease in net income from the consolidated entity or higher operating expenses, which affected the total profit for the year.

4.4 Year-over-Year Consolidation Comparison

A comparison of PT Astra International Tbk's pre- and post-consolidation financial performance shows notable changes in liquidity, profitability, and equity-based performance between 2022 and 2024. This acquisition consolidation prompted changes that had both negative and positive effects on the company's financial reporting structure.

In terms of liquidity, the Current Ratio (CR) gradually declined each year, from 1.509 in 2022 to 1.329 in 2023, and further down to 1.327 in 2024. The decline in CR can be attributed to the consolidation process, which likely caused an increase in short-term liabilities or adjustments to current assets in the newly merged subsidiaries. Nonetheless, CR remains within safe limits, so the company's liquidity remains stable.

Regarding profitability, the trend shows two phases: an initial positive phase followed by a negative one. NPM increased by 0.007, from 0.134 to 0.141 in 2023, indicating a positive contribution to the company's profits. However, it decreased by 0.010, reaching 0.131 in 2024, which may reflect cost pressures or that the subsidiary's performance has not yet reached its full potential.

On equity-based performance (EPS), consolidation had a positive impact in 2023, rising from Rp998.43 to Rp1,099.24. However, it declined to Rp1,072.63 in 2024. This decrease suggests an increase in operating expenses or a reduction in net income following the addition of the new entity.

Overall, this consolidation provided immediate benefits through increased revenue and profit at the start of the expansion. Yet, this trend declined in subsequent years due to rising expenses and adjustments to the financial structure. Thus, the overall impact depends on how effectively the operational integration of the newly merged entities is executed.

4.5 Impact of Consolidation on Financial Performance

Consolidation activities during the 2022-2024 period had both positive and negative effects on the company's financial performance. These effects were seen in changes to

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liquidity ratios, profitability, and equity-based performance after adding the new entity into the consolidated financial statements.

On the liquidity side, consolidation tends to pressure Astra to fulfill short-term obligations. The decline in current assets (CR) for three consecutive years indicates that the new entity has led to an increase in short-term liabilities or a reassessment of current assets. Although the CR remains at a safe level, this downward trend calls for improvements in working capital management after consolidation.

From a profitability standpoint, consolidation is a volatile process. The rise in NPM in 2023 shows that the new entity can contribute positively to profits. However, the drop in NPM in 2024 suggests that consolidation also introduces additional operational challenges, such as higher operating costs or increased integration expenses for the new entity. This implies that the impact of consolidation on profitability is still less than ideal.

From an equity-based performance viewpoint, consolidation had a notable positive effect in 2023. Yet, a decline occurred in 2024, indicating that the consolidated net profit could not be maintained at the same level. This decline suggests that although consolidation expanded the business, the newly merged entity was not yet able to contribute optimally to profits.

Overall, consolidation results in initial revenue and profit growth but also presents challenges related to adjusting the financial structure and incurring additional operational costs. Therefore, the success of consolidation relies on the group management's ability to optimize synergies among its member companies.

Conclusion and Recommendation

This study investigates the impact of financial consolidation on PT Astra International Tbk's performance. Between 2022 and 2024, the company carried out a series of financial consolidation activities through acquisitions, expanding its subsidiary portfolio. This strategy aimed to strengthen the business portfolio and boost the subsidiaries' contributions to the overall economic performance. However, the consolidation process during this period had mixed effects on the company's performance, both positive and negative.

This impact is evident in areas such as liquidity, where consolidation causes a gradual decline in the Current Ratio, signaling pressure on the company's ability to meet short-term obligations. Nonetheless, the Current Ratio remains at a safe level, though improvements in working capital management are needed after consolidation. While consolidation initially positively affected profitability, with an increase in Net Profit Margin at the start of the year, profitability declined in the following year due to high operating expenses and less-than-optimal integration of the new entity.

In terms of financial performance (EPS), consolidation showed a significant rise in 2023 but dropped again in 2024, indicating instability in consolidated net profit. Overall, consolidation has a positive influence on enhancing the company's financial performance during the initial phase; however, its success hinges on effective subsidiary management to ensure sustainable contributions. Therefore, consolidation can be a beneficial strategy if

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paired with good working capital management and the optimization of performance across all subsidiaries.

Based on the research findings, several recommendations can be made to improve the effectiveness of future consolidation efforts. Successful consolidation relies on the subsidiary's ability to adapt and contribute positively to the parent company's financial health. Consequently, the company needs to strengthen the integration process of its subsidiaries post-acquisition. Additionally, to sustain long-term financial performance, PT Astra should conduct regular evaluations in the early years following acquisitions to ensure that subsidiaries do not negatively impact the consolidated financial statements.

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