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1577 - 1593

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1577 - 1593

ASSESSING THE DRIVERS OF INDIVIDUAL TAX COMPLIANCE IN WEST JAVA THROUGH CORETAX IMPLEMENTATION AND TAX SOCIALIZATIONS

Homarsoyah, Laila Tjahjuna

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[PDF](#)

1594 - 1609

DECOMPOSING FINANCIAL PERFORMANCE RECOVERY: RETURN ON EQUITY, ECONOMIC VALUE ADDED, AND CAPITAL STRUCTURE IN INDONESIA'S TRANSPORTATION SECTOR

Muhammad Anasina, Siti Fatmahan Azzahra, Lia Oktavia

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1610 - 1622

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DECOMPOSING FINANCIAL PERFORMANCE RECOVERY: RETURN ON EQUITY, ECONOMIC VALUE ADDED, AND CAPITAL STRUCTURE IN INDONESIA'S TRANSPORTATION SECTOR

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Abstract

This study examined whether Blue Bird's reported recovery in return on equity (ROE) after the 2020 pandemic shock reflected genuine economic value creation. PT Blue Bird Tbk was examined across six fiscal years (2020–2025), with PT Adi Sarana Armada Tbk as a comparative reference at the two most recent fiscal year-ends, using a descriptive-comparative design applied to audited consolidated financial statements. ROE was decomposed through DuPont analysis into net margin, asset turnover, and the equity multiplier; Economic Value Added (EVA) was calculated using a weighted average cost of capital built from Bank Indonesia's policy rate and Indonesia's equity risk premium; and liquidity and leverage were tracked through the current ratio and the debt-to-asset ratio. ROE moved from -3.12% in 2020 to 10.17% in 2025, yet EVA remained negative throughout, including 2025. The divergence was already visible in 2021, when net income turned marginally positive while operating profit after tax remained negative. Net margin and asset turnover drove the recovery through 2022; thereafter, further ROE gains came mainly from a rising equity multiplier, alongside a falling current ratio and a rising debt-to-asset ratio. Adi Sarana Armada posted a higher ROE than Blue Bird in 2024–2025 but carried roughly double the leverage and a current ratio below 1.0x in both years. Reported profitability alone overstated the extent of recovery from as early as 2021 and should be read alongside a capital-charge-adjusted measure once leverage begins driving ROE more than margin or turnover.

Keywords: Return on Equity, Economic Value Added, DuPont Analysis, Financial Performance, Transportation Industry

1. Introduction

Indonesia's transportation sector sits at an unusual intersection of economic necessity and financial fragility. As an archipelagic nation of more than seventeen thousand islands, the country depends on land, sea, and air carriers to connect production, trade, and population centres that geography would otherwise keep apart, and companies providing these services occupy a distinct place among firms listed on the Indonesia Stock Exchange (IDX). Since 25 January 2021, they have been grouped under a dedicated Transportation subsector within the exchange's revised industry classification (IDX-IC), separated from the Logistics and Deliveries subsector with which they were previously combined (Bursa Efek Indonesia, 2021).

Few periods have tested this sector as severely as 2019 to 2025. Mobility demand was already under pressure from the rise of application-based ride-hailing before 2019, as travellers shifted from metered taxis toward app-based alternatives (Fajar, Permana, &

Yatim, 2025); it then collapsed further once large-scale social restrictions took hold in 2020. This was not a Blue Bird-specific event: comparative studies of Indonesia's listed transportation and logistics firms document a broad deterioration in profitability, asset turnover, and liquidity across the sector between 2019 and 2021, followed by an uneven, partial recovery that in most firms had not returned to pre-pandemic levels even by 2022 or 2023 (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022).

PT Blue Bird Tbk, the country's largest taxi operator, illustrates both the depth of the shock and the subsequent recovery. The company recorded a net loss of about Rp163.2 billion on revenue of Rp2.05 trillion in 2020, followed by a near-breakeven 2021 with profit of only Rp8.7 billion. What followed was a sustained turnaround: revenue rose 61.7 percent in 2022 to Rp3.59 trillion with profit of Rp364.0 billion, and growth continued through 2023 to 2025 as revenue reached Rp5.71 trillion and profit Rp643.4 billion, a roughly seventy-four-fold increase in profit from the Rp8.7 billion recorded in 2021, the first year the company returned to positive earnings.

Other transportation issuers on the same exchange did not share this trajectory. PT Garuda Indonesia (Persero) Tbk entered court-supervised debt restructuring in 2021–2022, cutting liabilities from roughly USD 10.1 billion to about USD 4.6 billion before returning to the exchange (Prayindria, 2026), while PT Express Transindo Utama Tbk never recovered, carrying a capital deficiency of about Rp4.69 trillion by 2023 with losses still mounting. Land-transport operators as a group carried material financial and operational risk well into the recovery period, not only the two extreme cases named here (Nainggolan et al., 2023). PT Adi Sarana Armada Tbk, whose business spans vehicle rental, fleet management, and logistics, grew through the same period, posting net profit of Rp330.1 billion in 2024 and Rp596.6 billion in 2025. Firms exposed to the same macroeconomic shock and operating in the same subsector arrived at outcomes that differ in kind rather than degree, and this spread raises a question that goes beyond whether a firm recovered: it raises the question of what the recovery, where it occurred, actually represents.

Reported profitability is not, by itself, a reliable answer to that question. Return on equity and similar accounting-based measures compare net income to the capital shareholders have contributed, but they do not price the cost of that capital, nor the cost of the debt a firm carries alongside it. A company can report a rising return on equity purely because it recovered from a low base, or because it took on additional leverage, without having generated a return that exceeds what its capital actually costs to raise. Economic Value Added (EVA) was developed to close this gap by pricing that cost explicitly (Stewart, 1991), though whether it delivers on this promise in practice, and how it relates to return on equity within a single firm's own recovery, is a question this study returns to in the Theoretical Background before turning to the data itself.

This distinction is difficult to examine through cross-sectional analysis alone, since it requires observing how a firm's capital structure, asset efficiency, and margins moved together across a complete cycle, from collapse through stabilisation to sustained growth. This study accordingly adopts a case-based design centred on PT Blue Bird Tbk, examining its audited financial statements across six fiscal years from 2020 to 2025, the period spanning the onset of the pandemic-related revenue collapse through the subsequent recovery. PT Adi Sarana Armada Tbk provides a comparative reference point at the 2024 and 2025 fiscal year-ends, and the contrasting outcomes at Garuda Indonesia and Express Transindo are used as documentary context to situate the analysis within the wider range of results observed across the sector.

The study examines three questions in sequence. RQ1: was Blue Bird's reported return on equity matched by a corresponding recovery in Economic Value Added once the cost of capital is accounted for? RQ2: which components of profitability, margin, asset turnover, or leverage, decomposed through DuPont analysis, drove the accounting recovery? RQ3: how did liquidity and the debt-to-asset ratio move together as the company passed through the crisis, and did that movement indicate a recovery financed conservatively or through increased reliance on debt?

2. Theoretical Background

2.1 Return on Equity and the DuPont Framework

Return on equity measures the accounting return generated on the capital shareholders have contributed, calculated as net income divided by total equity. On its own, this ratio conflates three distinct sources of change: how much profit a company earns per unit of revenue, how efficiently it uses its assets to generate that revenue, and how much of its asset base is financed by equity rather than debt. The DuPont framework separates these sources by decomposing ROE into net profit margin, total assets turnover, and the equity multiplier, allowing a change in ROE to be attributed to operating performance, asset efficiency, or financial leverage rather than treated as a single undifferentiated figure (Abadiyah, 2023). This decomposition is the analytical basis for RQ2 in this study: without it, a rising ROE driven by increased borrowing would be indistinguishable from a rising ROE driven by a genuinely more profitable or more efficient business.

2.2 Economic Value Added and the Cost of Capital

Economic Value Added addresses a limitation that the DuPont framework, on its own, does not resolve: return on equity prices income against the book value of equity but does not price what that equity, or the debt alongside it, actually costs to raise. EVA corrects for this by deducting a capital charge, the product of a firm's invested capital and its weighted average cost of capital, from net operating profit after tax, so that a positive result indicates a return in excess of what all providers of capital require, and a negative result indicates value erosion even where accounting profit is positive (Stewart, 1991). Calculating EVA requires an estimate of the cost of equity, which is conventionally derived from the Capital Asset Pricing Model where a reliable firm-specific beta is available; where it is not, as is often the case for individual issuers in emerging markets, a build-up approach combining a risk-free rate with a country or market equity risk premium serves as the standard alternative (Damodaran, 2002). A full implementation of EVA also involves a set of accounting adjustments, to items such as capitalised leases and research expenditure, intended to convert reported accounting profit into a closer approximation of economic profit (Young & O'Byrne, 2001); this study applies the core capital-charge calculation without that fuller set of adjustments, a scope decision made explicit in the Methods section.

2.3 Capital Structure and the Trade-off Theory

The equity multiplier component of the DuPont decomposition and the capital charge component of EVA are connected through capital structure. Trade-off theory holds that firms choose their mix of debt and equity by weighing the benefits of additional debt, including its mechanical effect of raising return on equity for a given level of operating profit, against its costs, including a higher capital charge and a greater risk of financial distress if operating performance weakens (Myers, 1984). This theoretical connection

motivates RQ3: a rising equity multiplier and a rising debt-to-asset ratio are, under trade-off theory, expected to raise reported ROE while simultaneously working against EVA through a higher capital charge, meaning the two measures can plausibly move in opposite directions for reasons the theory itself predicts, not only as a matter of measurement.

2.4 Signaling Theory and the Limits of Accounting-Based Performance Measures

A further theoretical lens concerns why this divergence matters to an outside observer. In Spence's (1973) signaling framework, a signal is informative to the extent that it is costly enough to produce that it is difficult for a lower-quality sender to replicate cheaply, allowing an observer to separate genuine quality from its imitation. Applied to financial reporting, a performance measure functions as a reliable signal of underlying value creation only if it cannot be raised without a corresponding improvement in the business itself. Return on equity does not fully satisfy this condition: while its margin and turnover components are costly to improve without genuine operating gains, its equity multiplier component can be raised simply by increasing leverage, without any change in operating performance. A measure that can be inflated through a channel unconnected to the quality it purports to signal is, in Spence's terms, a weaker signal than one that cannot, which is precisely the gap Economic Value Added is designed to close by pricing in the cost of that additional leverage. This framing underlies RQ1 and is returned to directly in the Discussion.

2.5 Previous Research

Empirical evidence on whether EVA delivers on this theoretical promise is mixed rather than settled. Early evidence found no consistent association between EVA and stock returns or firm value beyond what conventional accounting earnings already captured (Biddle, Bowen, & Wallace, 1997), and a more recent study of Indian manufacturing firms found that traditional accounting measures, including ROE, explained shareholder returns better than EVA did (Sura, Panchal, & Lather, 2023). Within Indonesia's transportation and logistics sector specifically, comparative studies of listed issuers around the Covid-19 shock document a broad deterioration in profitability, asset turnover, and liquidity between 2019 and 2021, followed by an uneven recovery in which leverage played an increasing role in later-stage ROE gains (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022), while sector-level evidence separately finds that EVA does not move in step with the market outcomes that reported earnings and other accounting ratios are associated with (Saputra, Nirmala, & Muntahanah, 2026). Blue Bird's own recovery has been examined qualitatively in the context of competitive pressure from application-based ride-hailing (Fajar, Permana, & Yatim, 2025), and land-transport operators as a group have been shown to have carried material financial risk well into the recovery period (Nainggolan et al., 2023). Two gaps follow from this body of work. First, the EVA-versus-ROE literature has been tested predominantly through cross-sectional association with stock returns across samples of firms, not through within-firm tracking of the two measures across a single, complete crisis-to-recovery cycle. Second, sector-specific Indonesian evidence documents the broad pattern of pandemic-era deterioration and leverage-driven recovery, but has not linked that pattern explicitly to a capital-charge-adjusted measure of value creation at the level of an individual firm. This study addresses both gaps directly.

2.6 Research Propositions

DuPont decomposition and capital structure jointly determine reported ROE, EVA subtracts a capital charge, priced through the cost of capital, from operating profit, and the resulting ROE-EVA relationship is read through a signaling lens to assess whether reported profitability functions as a reliable indicator of economic value creation.

Because this study uses a descriptive-comparative case design rather than a sample large enough for inferential statistical testing, as noted in the Methods section, it develops research propositions rather than formal statistical hypotheses; the propositions are evaluated qualitatively against the trend evidence reported in the Results, in line with the same descriptive approach used in comparable single- and dual-firm studies of this sector (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022). Three propositions follow directly from the theoretical discussion above and correspond to the three research questions stated in the Introduction:

- 1) P1. A recovery in reported return on equity following a common shock is not sufficient evidence of a corresponding recovery in Economic Value Added, because ROE does not price the cost of capital that EVA prices explicitly.
- 2) P2. Where a DuPont decomposition shows the equity multiplier, rather than net margin or asset turnover, becoming the dominant driver of a rising ROE, that shift is expected to coincide with a stalling or widening gap between ROE and EVA, consistent with trade-off theory's prediction that leverage raises the capital charge alongside the accounting return.
- 3) P3. A rising debt-to-asset ratio accompanied by a falling current ratio is expected to accompany, rather than merely coincide with, the shift described in P2, reflecting a recovery increasingly financed through debt rather than through operating cash generation.

3. Methods

3.1 Research Design

This study uses a descriptive-comparative design based on secondary financial statement data, structured as a case analysis of a single firm observed across a complete crisis-and-recovery cycle, with a second firm examined at two fiscal year-ends for comparative context. This design mirrors the approach taken in several recent Indonesian studies of transportation-sector financial performance around the Covid-19 shock, which similarly relied on descriptive-comparative analysis of audited financial statements rather than panel regression, given the objective of tracing how ratios moved within firms over time rather than explaining cross-sectional variation across a large sample (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022). The approach was chosen here for the same reason: the research questions concern how return on equity, Economic Value Added, and capital structure moved together within one company over time, a relationship that trend analysis and ratio decomposition can address directly without requiring the cross-sectional variation that panel regression depends on. Because the case design is not built for inferential statistical testing, the study evaluates the research propositions set out in the Theoretical Background qualitatively against the trend evidence reported in the Results, rather than through hypothesis tests.

3.2 Population and Sample

The population for this study comprises all companies listed on the Indonesia Stock Exchange under the Transportation subsector of the exchange's industry classification

(IDX-IC), effective since 25 January 2021 (Bursa Efek Indonesia, 2021). The sample was selected purposively rather than randomly, on the basis of two criteria: (1) availability of a complete, audited financial statement series spanning the pandemic collapse and the subsequent recovery, and (2) a business model concentrated enough in fleet-based passenger and vehicle services to make the ratios examined here directly comparable across firms. PT Blue Bird Tbk (BIRD) satisfied both criteria across six fiscal years, 2020 to 2025, and was selected as the primary case. PT Adi Sarana Armada Tbk (ASSA) was selected as a comparative reference at the two most recent fiscal year-ends, 2024 and 2025, the period for which comparable audited data were available at the time of writing. PT Garuda Indonesia (Persero) Tbk and PT Express Transindo Utama Tbk did not meet the first criterion, either due to the extraordinary nature of Garuda's restructuring-period financial statements or Express Transindo's unresolved capital deficiency, and were therefore excluded from the computed sample; both are retained in the study as documentary context only, drawn from publicly reported restructuring outcomes and audited loss figures, to situate Blue Bird's trajectory within the wider range of outcomes observed in the sector.

3.3 Data Collection Technique

Data were secondary and obtained through documentation. The financial data used to compute the study's variables were drawn from the audited consolidated financial statements and annual reports of PT Blue Bird Tbk and PT Adi Sarana Armada Tbk for fiscal years 2020 through 2025, published on the Indonesia Stock Exchange's website and on each company's investor relations page. The risk-free rate component of the cost of equity was drawn from Bank Indonesia's published 7-Day Reverse Repo Rate for each corresponding year-end (Kontan, 2025), and the equity risk premium component was drawn from Damodaran's published Indonesia country risk premium estimates for the corresponding year (Damodaran, 2025). Contextual information on Garuda Indonesia and Express Transindo was drawn from secondary reporting on their restructuring and financial distress (Prayindria, 2026).

3.4 Operational Definition of Research Variables

Four variables were operationalised for this study, each defined and calculated as follows.

Table 1. Operational Definition and Measurement of Research Variables

Variable	Operational Definition	Formula
Return on Equity (ROE)	The accounting return generated on shareholders' capital in a given fiscal year.	$ROE = \text{Net Income} \div \text{Total Equity}$
Economic Value Added (EVA)	Net operating profit after tax in excess of the capital charge levied on the firm's invested capital, calculated using a weighted average cost of capital (Stewart, 1991). Cost of equity was estimated using a build-up approach, combining the risk-free rate and the equity risk premium, in the absence of firm-	$EVA = NOPAT - \text{Capital Charge}$; $NOPAT = \text{Operating Profit} - \text{Tax Expense}$; $\text{Capital Charge} = \text{Invested Capital} \times WACC$; $\text{Invested Capital} = \text{Interest-Bearing Liabilities} + \text{Total Equity}$; $\text{Cost of Equity} = \text{Risk-Free Rate} + \text{Equity Risk Premium}$; $\text{Cost of Debt (after tax)} = (\text{Finance Charges} \div$

Variable	Operational Definition	Formula
	specific beta data (Damodaran, 2002); cost of debt was estimated from reported finance charges relative to average interest-bearing liabilities, adjusted for the effective tax rate. This study applies the core capital-charge calculation and does not incorporate the fuller set of accounting adjustments available under a complete implementation of the framework (Young & O'Byrne, 2001).	Average Interest-Bearing Liabilities) $\times (1 - \text{Tax Rate})$
DuPont Decomposition	The three multiplicative components of ROE, isolating operating profitability, asset efficiency, and financial leverage as separate drivers of the accounting return (Abadiyah, 2023).	$\text{ROE} = \text{Net Profit Margin} \times \text{Total Assets Turnover} \times \text{Equity Multiplier}$; Net Profit Margin = Net Income $\div$ Revenue; Total Assets Turnover = Revenue $\div$ Total Assets; Equity Multiplier = Total Assets $\div$ Total Equity
Liquidity and Leverage	The firm's short-term ability to meet current obligations and its overall reliance on debt financing.	Current Ratio = Current Assets $\div$ Current Liabilities; Debt-to-Asset Ratio = Total Liabilities $\div$ Total Assets

Source: Developed for this research (2026)

3.5 Analysis Technique

The resulting series were analysed through year-on-year trend comparison rather than inferential statistical testing, given that a sample of six annual observations for a single firm does not support regression-based hypothesis testing. Where return on equity and Economic Value Added moved in the same direction, the recovery is interpreted as reflecting genuine value creation; where the two diverged, in particular where return on equity turned positive while Economic Value Added remained negative, the divergence is interpreted as an accounting recovery that had not yet cleared the firm's cost of capital, consistent with Proposition 1 in the Theoretical Background. The DuPont decomposition and the liquidity-leverage comparison were used to explain the mechanism behind each year's result, evaluated against Propositions 2 and 3, rather than to test a separate statistical hypothesis. The same analytical sequence was applied to PT Adi Sarana Armada Tbk at its two available fiscal year-ends to assess whether the pattern observed at Blue Bird also held in a comparative firm; Economic Value Added was not computed for Adi Sarana Armada given the shorter two-year window available, so the comparison between the two firms is limited to return on equity, its DuPont decomposition, and liquidity and leverage.

4. Results and Discussion

4.1 Return on Equity and Economic Value Added (RQ1)

Table 2 presents Blue Bird's return on equity alongside its Economic Value Added for each fiscal year from 2020 to 2025.

Table 2. Return on Equity and Economic Value Added, PT Blue Bird Tbk, 2020–2025 (Rp million unless stated)

Year	Net Income	ROE	NOPAT	Invested Capital	WACC	Capital Charge	EVA
2020	-163,183	-3.12%	-177,088	6,613,250	11.50%	760,527	-937,615
2021	8,72	0.17%	-12,595	6,033,096	11.66%	703,22	-715,816
2022	364,027	6.80%	327,531	5,984,779	13.58%	812,854	-485,323
2023	463,068	8.22%	421,946	6,704,523	13.26%	888,864	-466,919
2024	592,699	9.89%	494,601	7,354,674	12.95%	952,755	-458,154
2025	643,411	10.17%	536,153	8,322,819	12.18%	1,013,748	-477,596

Source: Data processed by researchers, 2026

Return on equity moved from -3.12 percent in 2020 to 10.17 percent by 2025, a trajectory matching the revenue and net income recovery described in the Introduction. EVA did not confirm this recovery: every year produced a negative result, including 2025, the year of the strongest reported net income. This is not an artefact of one weak year dragging down an otherwise healthy average. NOPAT turned positive already in 2022 and grew steadily thereafter, reaching Rp536.2 billion by 2025, but the capital charge grew in step with it rather than falling behind, because invested capital itself expanded as the company financed fleet renewal with a growing base of long-term debt and equity. A recovering operating profit measured against a growing capital base is precisely the condition under which ROE can look reassuring while value creation does not follow, since ROE prices income only against equity and says nothing about what all of the capital, debt included, actually costs. Sector-level evidence corroborates that this disconnection is not unique to Blue Bird: Economic Value Added in Indonesia's transportation and logistics sector has been found to behave largely independently of the profitability signals that reported earnings convey (Saputra, Nirmala, & Muntahanah, 2026), consistent with the broader empirical picture that EVA and accounting earnings often move independently of one another rather than in lockstep (Biddle, Bowen, & Wallace, 1997; Sura, Panchal, & Lather, 2023).

The gap between the two measures narrowed from Rp937.6 billion in 2020 to Rp458.2 billion in 2024, before widening again to Rp477.6 billion in 2025 as invested capital outpaced NOPAT growth. The year-on-year movement in WACC, peaking at 13.58 percent in 2022 before easing to 12.18 percent by 2025, tracks the tightening and subsequent easing cycle in Bank Indonesia's policy rate over the same period, which fed directly into the cost of equity component of the calculation.

The clearest illustration of the ROE-EVA gap, and the point that most directly supports Proposition 1, comes from 2021. ROE turned positive that year, only one year into the recovery, but NOPAT was still negative at Rp12.6 billion below zero, even though net income was positive at Rp8.7 billion. The positive headline result was therefore carried by items below the operating line, not by a recovery in core operating profitability; the company's operations had not yet turned a post-tax profit even as its reported bottom line first crossed into positive territory. An analyst relying on ROE alone would have concluded, by 2021 already, that the worst was over. An analyst incorporating the cost of capital would have reached the more qualified conclusion that operations had not yet

recovered at all, and that what had turned positive was the accounting result, not the economics behind it.

4.2 DuPont Decomposition (RQ2)

Table 3 decomposes ROE into net profit margin, total assets turnover, and the equity multiplier for the same period.

Table 3. DuPont Decomposition, PT Blue Bird Tbk, 2020–2025

Year	Net Profit Margin	Total Assets Turnover	Equity Multiplier	ROE (product)
2020	-7.97%	0.28x	1.39x	-3.12%
2021	0.39%	0.34x	1.28x	0.17%
2022	10.14%	0.52x	1.29x	6.80%
2023	10.47%	0.58x	1.35x	8.22%
2024	11.76%	0.60x	1.41x	9.89%
2025	11.28%	0.59x	1.53x	10.17%

Source: Data processed by researchers, 2026

Two components carried the early recovery: net profit margin rose from -7.97 percent in 2020 to 10.14 percent by 2022, and asset turnover nearly doubled from 0.28x to 0.52x, reflecting both the return of fare revenue and improved fleet utilisation once mobility restrictions lifted. From 2022 onward, margin and turnover levelled off within a narrow band, while the equity multiplier climbed steadily from 1.28x in 2021 to 1.53x in 2025. In other words, the operational recovery had largely run its course by 2022, and what continued to lift ROE afterward was increasing reliance on debt rather than further operating gains, a shift from operationally driven to leverage-driven ROE growth that echoes findings documented elsewhere in the same sector during the post-pandemic period (Listiarti, Pratiwi, & Trimulyani, 2022; Abadiyah, 2023). This finding supports Proposition 2: the point at which the equity multiplier overtakes margin and turnover as the main driver of ROE, in 2022, coincides exactly with the point at which the ROE-EVA gap stopped narrowing, because leverage raises ROE by enlarging the capital base against which value creation is judged, and here it enlarged that base about as fast as it enlarged after-tax operating profit.

4.3 Liquidity and Leverage (RQ3)

Table 4 presents the current ratio and the debt-to-asset ratio for the same six years.

Table 4. Current Ratio and Debt-to-Asset Ratio, PT Blue Bird Tbk, 2020–2025

Year	Current Ratio	Debt-to-Asset Ratio
2020	1.94x	27.82%
2021	2.42x	21.98%
2022	1.52x	22.38%
2023	1.71x	25.71%
2024	1.65x	28.98%
2025	1.55x	34.46%

Source: Data processed by researchers, 2026

Liquidity peaked in 2021, precisely when revenue and confidence in the business were lowest, consistent with the company holding cash defensively rather than committing it to new investment. From 2022, the current ratio fell in most years while the debt-to-asset ratio rose almost without interruption, reaching a six-year high of 34.46 percent in 2025. Read together with the DuPont result, this describes a company that, having stabilised

operationally, chose to fund subsequent growth substantially through debt rather than retained cash or continued deleveraging. This confirms Proposition 3 and is consistent with classic capital structure theory, under which additional debt raises reported ROE through the leverage effect while simultaneously raising the capital charge against which that return must be judged, and raising the firm's exposure to financial distress if operating performance falters (Myers, 1984). Blue Bird's persistently negative EVA across these same years is consistent with that trade-off operating in practice, not merely in theory.

4.4 Comparison with PT Adi Sarana Armada Tbk

Table 5 presents the same ratios for PT Adi Sarana Armada Tbk at the two most recent fiscal year-ends.

Table 5. Comparative Ratios, PT Adi Sarana Armada Tbk, 2024–2025

Year	ROE	Net Margin	Asset Turnover	Equity Multiplier	Current Ratio	DAR
2024	11.86%	6.66%	0.64x	2.78x	0.84x	63.98%
2025	18.68%	9.96%	0.71x	2.65x	0.99x	62.31%

Source: Data processed by researchers, 2026

ASSA's ROE exceeded Blue Bird's in both years, but the composition of that return differed markedly: its equity multiplier was roughly double Blue Bird's, its debt-to-asset ratio more than double Blue Bird's highest observed value, and its current ratio stayed below 1.0x in both years, a materially tighter liquidity position than Blue Bird held at any point across the six years examined. A higher ROE at ASSA is not evidence of a stronger underlying recovery than Blue Bird's; it is at least as plausible that it reflects a capital structure willing to carry more debt relative to assets (Myers, 1984). Economic Value Added was not computed for ASSA given the shorter two-year window available, so this comparison is limited to the accounting-based measure and its components and should not be read as evidence that ASSA created more, or less, economic value than Blue Bird over the same period. Placed against the wider spectrum described in the Introduction, Garuda Indonesia's court-supervised restructuring at one extreme and Express Transindo's unresolved insolvency at the other, Blue Bird and ASSA both sit toward the recovered end, but the comparison between them suggests that even among firms that avoided distress, the route back to a healthy-looking ROE differed in how much financial risk each was willing to carry to get there.

5. Conclusion

This study examined whether Blue Bird's reported recovery from the pandemic shock, read through return on equity, was matched by a corresponding recovery in economic value creation. The evidence indicates it was not: ROE moved from -3.12 percent in 2020 to 10.17 percent in 2025, matching the company's reported revenue and net income recovery, yet Economic Value Added remained negative throughout the same period, including 2025, indicating the company had not yet generated an operating return sufficient to clear its cost of capital (RQ1).

The DuPont decomposition explains why the two measures diverged. Net margin and asset turnover drove the recovery through 2022; from that point onward, further ROE gains came mainly from a rising equity multiplier rather than continued operational improvement (RQ2). This coincided with a falling current ratio and a rising debt-to-asset ratio, indicating that the later stage of the recovery was increasingly financed through

debt rather than retained cash (RQ3). The comparison with Adi Sarana Armada, whose higher ROE in 2024 and 2025 came with roughly double Blue Bird's leverage and a current ratio below 1.0x in both years, suggests this pattern is not unique to Blue Bird.

Taken together, these findings answer the objective set out in the Introduction: return on equity alone overstated the extent of Blue Bird's recovery from as early as 2021, and the gap did not close through operating performance alone. For analysts, creditors, and investors assessing recovery in capital-intensive, debt-reliant sectors, reported profitability should be read alongside a capital-charge-adjusted measure, particularly once leverage begins driving ROE more than margin or turnover. Extending the EVA calculation to Adi Sarana Armada and to other listed transportation and logistics issuers would help establish whether this divergence reflects a firm-specific outcome of Blue Bird's financing choices or a broader feature of capital-intensive recovery across the sector.

These results bear directly on the concern raised in the Theoretical Background: a reported ratio is only a useful signal to an outside observer if it is costly enough to produce that it separates genuine performance from performance that merely resembles it (Spence, 1973). ROE does not clear that bar on its own. As the DuPont results show, it can be raised through margin and turnover, which are costly to fake, or through the equity multiplier, which a firm can raise simply by borrowing more, without any corresponding improvement in the underlying business. In Blue Bird's case, the later years of the recovery leaned increasingly on the second route. A measure that can be inflated this cheaply does not separate value creation from re-leveraging the way a reliable signal should, which is exactly the gap Economic Value Added is designed to close by pricing in what that additional debt costs.

For analysts, creditors, and investors, this points to a specific practical check rather than a general caution. Once the equity multiplier, rather than net margin or asset turnover, becomes the main driver of a rising ROE, as it did at Blue Bird from 2022 onward and as it appears to at ASSA over 2024 and 2025, that shift is itself the signal to look past the headline ratio: a lender might treat it as a cue to tighten leverage covenants rather than reward the improved ratio, and an investor might treat it as a cue to ask whether the reported recovery would still look positive once a capital charge were deducted.

Two limitations bear on how far these findings should be pushed. First, the EVA estimates depend on a cost of capital built from a risk-free rate proxy, an emerging-market equity risk premium, and a cost of debt approximated from finance charges relative to average interest-bearing liabilities, and the calculation does not incorporate the fuller set of accounting adjustments that a complete implementation of the framework allows for (Young & O'Byrne, 2001); a materially different set of assumptions would narrow, though probably not eliminate, the gap reported here given its size relative to NOPAT in most years. Second, the case-based design, built around one firm observed in full and a second observed at two year-ends only, cannot establish how representative this pattern is across the transportation subsector as a whole, and Economic Value Added was not computed for the comparison firm at all. Whether the ROE-EVA divergence documented here is a general feature of capital-intensive recovery in this sector, or a pattern specific to Blue Bird's financing choices, is a question the Conclusion returns to as a direction for further research.

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Decomposing Financial Performance Recovery: Return on Equity, Economic Value Added, and Capital Structure in Indonesia's Transportation Sector

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Abstract

This study examined whether Blue Bird's reported recovery in return on equity (ROE) after the 2020 pandemic shock reflected genuine economic value creation. PT Blue Bird Tbk was examined across six fiscal years (2020–2025), with PT Adi Sarana Armada Tbk as a comparative reference at the two most recent fiscal year-ends, using a descriptive-comparative design applied to audited consolidated financial statements. ROE was decomposed through DuPont analysis into net margin, asset turnover, and the equity multiplier; Economic Value Added (EVA) was calculated using a weighted average cost of capital built from Bank Indonesia's policy rate and Indonesia's equity risk premium; and liquidity and leverage were tracked through the current ratio and the debt-to-asset ratio. ROE moved from -3.12% in 2020 to 10.17% in 2025, yet EVA remained negative throughout, including 2025. The divergence was already visible in 2021, when net income turned marginally positive while operating profit after tax remained negative. Net margin and asset turnover drove the recovery through 2022; thereafter, further ROE gains came mainly from a rising equity multiplier, alongside a falling current ratio and a rising debt-to-asset ratio. Adi Sarana Armada posted a higher ROE than Blue Bird in 2024–2025 but carried roughly double the leverage and a current ratio below 1.0x in both years. Reported profitability alone overstated the extent of recovery from as early as 2021 and should be read alongside a capital-charge-adjusted measure once leverage begins driving ROE more than margin or turnover.

Keywords: Return on Equity, Economic Value Added, DuPont Analysis, Financial Performance, Transportation Industry

Introduction

Indonesia's transportation sector sits at an unusual intersection of economic necessity and financial fragility. As an archipelagic nation of more than seventeen thousand islands, the country depends on land, sea, and air carriers to connect production, trade, and population centres that geography would otherwise keep apart, and companies providing these services occupy a distinct place among firms listed on the Indonesia Stock Exchange (IDX). Since 25 January 2021, they have been grouped under a dedicated Transportation subsector within the exchange's revised industry classification (IDX-IC), separated from the Logistics and Deliveries subsector with which they were previously combined (Bursa Efek Indonesia, 2021).

Few periods have tested this sector as severely as 2019 to 2025. Mobility demand was already under pressure from the rise of application-based ride-hailing before 2019, as travellers shifted from metered taxis toward app-based alternatives (Fajar, Permana, & Yatim, 2025); it then collapsed

36 further once large-scale social restrictions took hold in 2020. This was not a Blue Bird-specific event: comparative studies of Indonesia's listed transportation and logistics firms document a broad deterioration in profitability, asset turnover, and liquidity across the sector between 2019 and 2021, followed by an uneven, partial recovery that in most firms had not returned to pre-pandemic levels even by 2022 or 2023 (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022). PT Blue Bird Tbk, the country's largest taxi operator, illustrates both the depth of the shock and the subsequent recovery. The company recorded a net loss of about Rp163.2 billion on revenue of Rp2.05 trillion in 2020, followed by a near-breakeven 2021 with profit of only Rp8.7 billion. What followed was a sustained turnaround: revenue rose 61.7 percent in 2022 to Rp3.59 trillion with profit of Rp364.0 billion, and growth continued through 2023 to 2025 as revenue reached Rp5.71 trillion and profit Rp643.4 billion, a roughly seventy-four-fold increase in profit from the Rp8.7 billion recorded in 2021, the first year the company returned to positive earnings.

Other transportation issuers on the same exchange did not share this trajectory. PT Garuda Indonesia (Persero) Tbk entered court-supervised debt restructuring in 2021–2022, cutting liabilities from roughly USD 10.1 billion to about USD 4.6 billion before returning to the exchange (Prayindria, 2026), while PT Express Transindo Utama Tbk never recovered, carrying a capital deficiency of about Rp4.69 trillion by 2023 with losses still mounting. Land-transport operators as a group carried material financial and operational risk well into the recovery period, not only the two extreme cases named here (Nainggolan et al., 2023). PT Adi Sarana Armada Tbk, whose business spans vehicle rental, fleet management, and logistics, grew through the same period, posting net profit of Rp330.1 billion in 2024 and Rp596.6 billion in 2025. Firms exposed to the same macroeconomic shock and operating in the same subsector arrived at outcomes that differ in kind rather than degree, and this spread raises a question that goes beyond whether a firm recovered: it raises the question of what the recovery, where it occurred, actually represents.

32 Reported profitability is not, by itself, a reliable answer to that question. Return on equity and similar accounting-based measures compare net income to the capital shareholders have contributed, but they do not price the cost of that capital, nor the cost of the debt a firm carries alongside it. A company can report a rising return on equity purely because it recovered from a low base, or because it took on additional leverage, without having generated a return that exceeds what its capital actually costs to raise. Economic Value Added (EVA) was developed to close this gap by pricing that cost explicitly (Stewart, 1991), though whether it delivers on this promise in practice, and how it relates to return on equity within a single firm's own recovery, is a question this study returns to in the Theoretical Background before turning to the data itself.

26 This distinction is difficult to examine through cross-sectional analysis alone, since it requires observing how a firm's capital structure, asset efficiency, and margins moved together across a complete cycle, from collapse through stabilisation to sustained growth. This study accordingly adopts a case-based design centred on PT Blue Bird Tbk, examining its audited financial statements across six fiscal years from 2020 to 2025, the period spanning the onset of the pandemic-related

revenue collapse through the subsequent recovery. PT Adi Sarana Armada Tbk provides a comparative reference point at the 2024 and 2025 fiscal year-ends, and the contrasting outcomes at Garuda Indonesia and Express Transindo are used as documentary context to situate the analysis within the wider range of results observed across the sector. The study examines three questions in sequence. RQ1: was Blue Bird's reported return on equity matched by a corresponding recovery in Economic Value Added once the cost of capital is accounted for? RQ2: which components of profitability, margin, asset turnover, or leverage, decomposed through DuPont analysis, drove the accounting recovery? RQ3: how did liquidity and the debt-to-asset ratio move together as the company passed through the crisis, and did that movement indicate a recovery financed conservatively or through increased reliance on debt?

Theoretical Background

2.1 Return on Equity and the DuPont Framework

Return on equity measures the accounting return generated on the capital shareholders have contributed, calculated as net income divided by total equity. On its own, this ratio conflates three distinct sources of change: how much profit a company earns per unit of revenue, how efficiently it uses its assets to generate that revenue, and how much of its asset base is financed by equity rather than debt. The DuPont framework separates these sources by decomposing ROE into net profit margin, total assets turnover, and the equity multiplier, allowing a change in ROE to be attributed to operating performance, asset efficiency, or financial leverage rather than treated as a single undifferentiated figure (Abadiyah, 2023). This decomposition is the analytical basis for RQ2 in this study: without it, a rising ROE driven by increased borrowing would be indistinguishable from a rising ROE driven by a genuinely more profitable or more efficient business.

2.2 Economic Value Added and the Cost of Capital

Economic Value Added addresses a limitation that the DuPont framework, on its own, does not resolve: return on equity prices income against the book value of equity but does not price what that equity, or the debt alongside it, actually costs to raise. EVA corrects for this by deducting a capital charge, the product of a firm's invested capital and its weighted average cost of capital, from net operating profit after tax, so that a positive result indicates a return in excess of what all providers of capital require, and a negative result indicates value erosion even where accounting profit is positive (Stewart, 1991). Calculating EVA requires an estimate of the cost of equity, which is conventionally derived from the Capital Asset Pricing Model where a reliable firm-specific beta is available; where it is not, as is often the case for individual issuers in emerging markets, a build-up approach combining a risk-free rate with a country or market equity risk premium serves as the standard alternative (Damodaran, 2002). A full implementation of EVA also involves a set of accounting adjustments, to items such as capitalised leases and research expenditure, intended to convert reported accounting profit into a closer approximation of economic profit (Young & O'Byrne, 2001); this study applies the core capital-charge calculation without that fuller set of adjustments, a scope decision made explicit in the Methods section.

2.3 Capital Structure and the Trade-off Theory

The equity multiplier component of the DuPont decomposition and the capital charge component of EVA are connected through capital structure. Trade-off theory holds that firms choose their mix of debt and equity by weighing the benefits of additional debt, including its mechanical effect of raising return on equity for a given level of operating profit, against its costs, including a higher capital charge and a greater risk of financial distress if operating performance weakens (Myers, 1984). This theoretical connection motivates RQ3: a rising equity multiplier and a rising debt-to-asset ratio are, under trade-off theory, expected to raise reported ROE while simultaneously working against EVA through a higher capital charge, meaning the two measures can plausibly move in opposite directions for reasons the theory itself predicts, not only as a matter of measurement.

2.4 Signaling Theory and the Limits of Accounting-Based Performance Measures

A further theoretical lens concerns why this divergence matters to an outside observer. In Spence's (1973) signaling framework, a signal is informative to the extent that it is costly enough to produce that it is difficult for a lower-quality sender to replicate cheaply, allowing an observer to separate genuine quality from its imitation. Applied to financial reporting, a performance measure functions as a reliable signal of underlying value creation only if it cannot be raised without a corresponding improvement in the business itself. Return on equity does not fully satisfy this condition: while its margin and turnover components are costly to improve without genuine operating gains, its equity multiplier component can be raised simply by increasing leverage, without any change in operating performance. A measure that can be inflated through a channel unconnected to the quality it purports to signal is, in Spence's terms, a weaker signal than one that cannot, which is precisely the gap Economic Value Added is designed to close by pricing in the cost of that additional leverage. This framing underlies RQ1 and is returned to directly in the Discussion.

2.5 Previous Research

Empirical evidence on whether EVA delivers on this theoretical promise is mixed rather than settled. Early evidence found no consistent association between EVA and stock returns or firm value beyond what conventional accounting earnings already captured (Biddle, Bowen, & Wallace, 1997), and a more recent study of Indian manufacturing firms found that traditional accounting measures, including ROE, explained shareholder returns better than EVA did (Sura, Panchal, & Lather, 2023). Within Indonesia's transportation and logistics sector specifically, comparative studies of listed issuers around the Covid-19 shock document a broad deterioration in profitability, asset turnover, and liquidity between 2019 and 2021, followed by an uneven recovery in which leverage played an increasing role in later-stage ROE gains (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022), while sector-level evidence separately finds that EVA does not move in step with the market outcomes that reported earnings and other accounting ratios are associated with (Saputra, Nirmala, & Muntahanah, 2026). Blue Bird's own recovery has been examined qualitatively in the context of competitive pressure from application-based ride-hailing (Fajar, Permana, & Yatim,

2025), and land-transport operators as a group have been shown to have carried material financial risk well into the recovery period (Nainggolan et al., 2023). Two gaps follow from this body of work. First, the EVA-versus-ROE literature has been tested predominantly through cross-sectional association with stock returns across samples of firms, not through within-firm tracking of the two measures across a single, complete crisis-to-recovery cycle. Second, sector-specific Indonesian evidence documents the broad pattern of pandemic-era deterioration and leverage-driven recovery, but has not linked that pattern explicitly to a capital-charge-adjusted measure of value creation at the level of an individual firm. This study addresses both gaps directly.

2.6 Conceptual Framework and Research Propositions

Figure 1. Conceptual Framework of ROE-EVA Recovery Dynamics

Figure 1 summarises how the constructs reviewed above relate to one another: DuPont decomposition and capital structure jointly determine reported ROE, EVA subtracts a capital charge, priced through the cost of capital, from operating profit, and the resulting ROE-EVA relationship is read through a signaling lens to assess whether reported profitability functions as a reliable indicator of economic value creation.

Because this study uses a descriptive-comparative case design rather than a sample large enough for inferential statistical testing, as noted in the Methods section, it develops research propositions rather than formal statistical hypotheses; the propositions are evaluated qualitatively against the trend evidence reported in the Results, in line with the same descriptive approach used in comparable single- and dual-firm studies of this sector (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022). Three propositions follow directly from the theoretical discussion above and correspond to the three research questions stated in the Introduction:

P1. A recovery in reported return on equity following a common shock is not sufficient evidence of a corresponding recovery in Economic Value Added, because ROE does not price the cost of capital that EVA prices explicitly.

P2. Where a DuPont decomposition shows the equity multiplier, rather than net margin or asset turnover, becoming the dominant driver of a rising ROE, that shift is expected to coincide with a stalling or widening gap between ROE and EVA, consistent with trade-off theory's prediction that leverage raises the capital charge alongside the accounting return.

P3. A rising debt-to-asset ratio accompanied by a falling current ratio is expected to accompany, rather than merely coincide with, the shift described in P2, reflecting a recovery increasingly financed through debt rather than through operating cash generation.

Methods

3.1 Research Design

This study uses a descriptive-comparative design based on secondary financial statement data, structured as a case analysis of a single firm observed across a complete crisis-and-recovery cycle, with a second firm examined at two fiscal year-ends for comparative context. This design mirrors the approach taken in several recent Indonesian studies of transportation-sector financial performance around the Covid-19 shock,

which similarly relied on descriptive-comparative analysis of audited financial statements rather than panel regression, given the objective of tracing how ratios moved within firms over time rather than explaining cross-sectional variation across a large sample (Kusuma, Rahmadani, & Yanti, 2025; Listiarti, Pratiwi, & Trimulyani, 2022). The approach was chosen here for the same reason: the research questions concern how return on equity, Economic Value Added, and capital structure moved together within one company over time, a relationship that trend analysis and ratio decomposition can address directly without requiring the cross-sectional variation that panel regression depends on. Because the case design is not built for inferential statistical testing, the study evaluates the research propositions set out in the Theoretical Background qualitatively against the trend evidence reported in the Results, rather than through hypothesis tests.

3.2 Population and Sample

The population for this study comprises all companies listed on the Indonesia Stock Exchange under the Transportation subsector of the exchange's industry classification (IDX-IC), effective since 25 January 2021 (Bursa Efek Indonesia, 2021). The sample was selected purposively rather than randomly, on the basis of two criteria: (1) availability of a complete, audited financial statement series spanning the pandemic collapse and the subsequent recovery, and (2) a business model concentrated enough in fleet-based passenger and vehicle services to make the ratios examined here directly comparable across firms. PT Blue Bird Tbk (BIRD) satisfied both criteria across six fiscal years, 2020 to 2025, and was selected as the primary case. PT Adi Sarana Armada Tbk (ASSA) was selected as a comparative reference at the two most recent fiscal year-ends, 2024 and 2025, the period for which comparable audited data were available at the time of writing. PT Garuda Indonesia (Persero) Tbk and PT Express Transindo Utama Tbk did not meet the first criterion, either due to the extraordinary nature of Garuda's restructuring-period financial statements or Express Transindo's unresolved capital deficiency, and were therefore excluded from the computed sample; both are retained in the study as documentary context only, drawn from publicly reported restructuring outcomes and audited loss figures, to situate Blue Bird's trajectory within the wider range of outcomes observed in the sector.

3.3 Data Collection Technique

Data were secondary and obtained through documentation. The financial data used to compute the study's variables were drawn from the audited consolidated financial statements and annual reports of PT Blue Bird Tbk and PT Adi Sarana Armada Tbk for fiscal years 2020 through 2025, published on the Indonesia Stock Exchange's website and on each company's investor relations page. The risk-free rate component of the cost of equity was drawn from Bank Indonesia's published 7-Day Reverse Repo Rate for each corresponding year-end (Kontan, 2025), and the equity risk premium component was drawn from Damodaran's published Indonesia country risk premium estimates for the corresponding year (Damodaran, 2025). Contextual information on Garuda Indonesia and Express Transindo was drawn from secondary reporting on their restructuring and financial distress (Prayindria, 2026).

3.4 Operational Definition of Research Variables

Four variables were operationalised for this study, each defined and calculated as follows.

Table 1. Operational Definition and Measurement of Research Variables

Variable

Operational Definition

Formula

Return on Equity (ROE)

The accounting return generated on shareholders' capital in a given fiscal year.

$ROE = \text{Net Income} \div \text{Total Equity}$

Economic Value Added (EVA)

Net operating profit after tax in excess of the capital charge levied on the firm's invested capital, calculated using a weighted average cost of capital (Stewart, 1991). Cost of equity was estimated using a build-up approach, combining the risk-free rate and the equity risk premium, in the absence of firm-specific beta data (Damodaran, 2002); cost of debt was estimated from reported finance charges relative to average interest-bearing liabilities, adjusted for the effective tax rate. This study applies the core capital-charge calculation and does not incorporate the fuller set of accounting adjustments available under a complete implementation of the framework (Young & O'Byrne, 2001).

$EVA = NOPAT - \text{Capital Charge}$; $NOPAT = \text{Operating Profit} - \text{Tax Expense}$; $\text{Capital Charge} = \text{Invested Capital} \times WACC$; $\text{Invested Capital} = \text{Interest-Bearing Liabilities} + \text{Total Equity}$; $\text{Cost of Equity} = \text{Risk-Free Rate} + \text{Equity Risk Premium}$; $\text{Cost of Debt (after tax)} = (\text{Finance Charges} \div \text{Average Interest-Bearing Liabilities}) \times (1 - \text{Tax Rate})$

DuPont Decomposition

The three multiplicative components of ROE, isolating operating profitability, asset efficiency, and financial leverage as separate drivers of the accounting return (Abadiyah, 2023).

$ROE = \text{Net Profit Margin} \times \text{Total Assets Turnover} \times \text{Equity Multiplier}$; $\text{Net Profit Margin} = \text{Net Income} \div \text{Revenue}$; $\text{Total Assets Turnover} = \text{Revenue} \div \text{Total Assets}$; $\text{Equity Multiplier} = \text{Total Assets} \div \text{Total Equity}$

Liquidity and Leverage

The firm's short-term ability to meet current obligations and its overall reliance on debt financing.

$\text{Current Ratio} = \text{Current Assets} \div \text{Current Liabilities}$; $\text{Debt-to-Asset Ratio} = \text{Total Liabilities} \div \text{Total Assets}$

Source: Developed for this research (2026)

3.5 Analysis Technique

The resulting series were analysed through year-on-year trend comparison rather than inferential statistical testing, given that a sample of six annual observations for a single firm does not support regression-based hypothesis testing. Where return on equity and Economic Value Added moved in the same direction, the recovery is interpreted as reflecting genuine value creation; where the two diverged, in particular where return on equity turned positive while Economic Value Added remained negative, the divergence is interpreted as an accounting recovery that had not yet cleared the firm's cost of capital, consistent with Proposition 1 in the Theoretical Background. The DuPont decomposition and the liquidity-leverage comparison were used to explain the mechanism behind each year's result, evaluated against Propositions 2 and 3, rather than to test a separate statistical hypothesis. The same analytical sequence was applied

to PT Adi Sarana Armada Tbk at its two available fiscal year-ends to assess whether the pattern observed at Blue Bird also held in a comparative firm; Economic Value Added was not computed for Adi Sarana Armada given the shorter two-year window available, so the comparison between the two firms is limited to return on equity, its DuPont decomposition, and liquidity and leverage.

Results and Discussion

4.1 Return on Equity and Economic Value Added (RQ1)

Table 2 presents Blue Bird's return on equity alongside its Economic Value Added for each fiscal year from 2020 to 2025.

Table 2. Return on Equity and Economic Value Added, PT Blue Bird Tbk, 2020-2025 (Rp million unless stated)

Year

Net Income

ROE

NOPAT

Invested Capital

WACC

Capital Charge

EVA

2020

-163,183

-3.12%

-177,088

6,613,250

11.50%

760,527

-937,615

2021

8,72

0.17%

-12,595

6,033,096

11.66%

703,22

-715,816

2022

364,027

6.80%

327,531

5,984,779

13.58%

812,854

-485,323

2023

463,068

8.22%

421,946

6,704,523

13.26%

888,864

-466,919

2024

592,699
9.89%
494,601
7,354,674
12.95%
952,755
-458,154
2025
643,411
10.17%
536,153
8,322,819
12.18%
1,013,748
-477,596

Source: Data processed by researchers, 2026

Return on equity moved from -3.12 percent in 2020 to 10.17 percent by 2025, a trajectory matching the revenue and net income recovery described in the Introduction. EVA did not confirm this recovery: every year produced a negative result, including 2025, the year of the strongest reported net income. This is not an artefact of one weak year dragging down an otherwise healthy average. NOPAT turned positive already in 2022 and grew steadily thereafter, reaching Rp536.2 billion by 2025, but the capital charge grew in step with it rather than falling behind, because invested capital itself expanded as the company financed fleet renewal with a growing base of long-term debt and equity. A recovering operating profit measured against a growing capital base is precisely the condition under which ROE can look reassuring while value creation does not follow, since ROE prices income only against equity and says nothing about what all of the capital, debt included, actually costs. Sector-level evidence corroborates that this disconnection is not unique to Blue Bird: Economic Value Added in Indonesia's transportation and logistics sector has been found to behave largely independently of the profitability signals that reported earnings convey (Saputra, Nirmala, & Muntahanah, 2026), consistent with the broader empirical picture that EVA and accounting earnings often move independently of one another rather than in lockstep (Biddle, Bowen, & Wallace, 1997; Sura, Panchal, & Lather, 2023).

The gap between the two measures narrowed from Rp937.6 billion in 2020 to Rp458.2 billion in 2024, before widening again to Rp477.6 billion in 2025 as invested capital outpaced NOPAT growth. The year-on-year movement in WACC, peaking at 13.58 percent in 2022 before easing to 12.18 percent by 2025, tracks the tightening and subsequent easing cycle in Bank Indonesia's policy rate over the same period, which fed directly into the cost of equity component of the calculation.

The clearest illustration of the ROE-EVA gap, and the point that most directly supports Proposition 1, comes from 2021. ROE turned positive that year, only one year into the recovery, but NOPAT was still negative at Rp12.6 billion below zero, even though net income was positive at Rp8.7 billion. The positive headline result was therefore carried by items below the operating line, not by a recovery in core operating profitability; the company's operations had not yet turned a post-tax profit even as its reported bottom line first crossed into positive territory. An analyst relying on ROE alone would have concluded, by 2021 already, that the worst was over. An analyst incorporating the cost of

capital would have reached the more qualified conclusion that operations had not yet recovered at all, and that what had turned positive was the accounting result, not the economics behind it.

4.2 DuPont Decomposition (RQ2)

Table 3 decomposes ROE into net profit margin, total assets turnover, and the equity multiplier for the same period.

Table 3. DuPont Decomposition, PT Blue Bird Tbk, 2020-2025

Year

Net Profit Margin

Total Assets Turnover

Equity Multiplier

ROE (product)

2020

-7.97%

0.28x

1.39x

-3.12%

2021

0.39%

0.34x

1.28x

0.17%

2022

10.14%

0.52x

1.29x

6.80%

2023

10.47%

0.58x

1.35x

8.22%

2024

11.76%

0.60x

1.41x

9.89%

2025

11.28%

0.59x

1.53x

10.17%

Source: Data processed by researchers, 2026

Two components carried the early recovery: net profit margin rose from -7.97 percent in 2020 to 10.14 percent by 2022, and asset turnover nearly doubled from 0.28x to 0.52x, reflecting both the return of fare revenue and improved fleet utilisation once mobility restrictions lifted. From 2022 onward, margin and turnover levelled off within a narrow band, while the equity multiplier climbed steadily from 1.28x in 2021 to 1.53x in 2025. In other words, the operational recovery had largely run its course by 2022, and what continued to lift ROE afterward was increasing reliance on debt rather than further operating gains, a shift from operationally driven to leverage-driven ROE growth that echoes findings documented

elsewhere in the same sector during the post-pandemic period (Listiarti, Pratiwi, & Trimulyani, 2022; Abadiyah, 2023). This finding supports Proposition 2: the point at which the equity multiplier overtakes margin and turnover as the main driver of ROE, in 2022, coincides exactly with the point at which the ROE-EVA gap stopped narrowing, because leverage raises ROE by enlarging the capital base against which value creation is judged, and here it enlarged that base about as fast as it enlarged after-tax operating profit.

4.3 Liquidity and Leverage (RQ3)

Table 4 presents the current ratio and the debt-to-asset ratio for the same six years.

Table 4. Current Ratio and Debt-to-Asset Ratio, PT Blue Bird Tbk, 2020-2025

Year

Current Ratio

Debt-to-Asset Ratio

2020

1.94x

27.82%

2021

2.42x

21.98%

2022

1.52x

22.38%

2023

1.71x

25.71%

2024

1.65x

28.98%

2025

1.55x

34.46%

Source: Data processed by researchers, 2026

Liquidity peaked in 2021, precisely when revenue and confidence in the business were lowest, consistent with the company holding cash defensively rather than committing it to new investment. From 2022, the current ratio fell in most years while the debt-to-asset ratio rose almost without interruption, reaching a six-year high of 34.46 percent in 2025. Read together with the DuPont result, this describes a company that, having stabilised operationally, chose to fund subsequent growth substantially through debt rather than retained cash or continued deleveraging. This confirms Proposition 3 and is consistent with classic capital structure theory, under which additional debt raises reported ROE through the leverage effect while simultaneously raising the capital charge against which that return must be judged, and raising the firm's exposure to financial distress if operating performance falters (Myers, 1984). Blue Bird's persistently negative EVA across these same years is consistent with that trade-off operating in practice, not merely in theory.

4.4 Comparison with PT Adi Sarana Armada Tbk

Table 5 presents the same ratios for PT Adi Sarana Armada Tbk at the two most recent fiscal year-ends.

Table 5. Comparative Ratios, PT Adi Sarana Armada Tbk, 2024-2025

Year

ROE

Net Margin

Asset Turnover

Equity Multiplier

Current Ratio

DAR

2024

11.86%

6.66%

0.64x

2.78x

0.84x

63.98%

2025

18.68%

9.96%

0.71x

2.65x

0.99x

62.31%

Source: Data processed by researchers, 2026

ASSA's ROE exceeded Blue Bird's in both years, but the composition of that return differed markedly: its equity multiplier was roughly double Blue Bird's, its debt-to-asset ratio more than double Blue Bird's highest observed value, and its current ratio stayed below 1.0x in both years, a materially tighter liquidity position than Blue Bird held at any point across the six years examined. A higher ROE at ASSA is not evidence of a stronger underlying recovery than Blue Bird's; it is at least as plausible that it reflects a capital structure willing to carry more debt relative to assets (Myers, 1984). Economic Value Added was not computed for ASSA given the shorter two-year window available, so this comparison is limited to the accounting-based measure and its components and should not be read as evidence that ASSA created more, or less, economic value than Blue Bird over the same period. Placed against the wider spectrum described in the Introduction, Garuda Indonesia's court-supervised restructuring at one extreme and Express Transindo's unresolved insolvency at the other, Blue Bird and ASSA both sit toward the recovered end, but the comparison between them suggests that even among firms that avoided distress, the route back to a healthy-looking ROE differed in how much financial risk each was willing to carry to get there.

Conclusion

This study examined whether Blue Bird's reported recovery from the pandemic shock, read through return on equity, was matched by a corresponding recovery in economic value creation. The evidence indicates it was not: ROE moved from -3.12 percent in 2020 to 10.17 percent in 2025, matching the company's reported revenue and net income recovery, yet Economic Value Added remained negative throughout the same period, including 2025, indicating the company had not yet generated an operating return sufficient to clear its cost of capital (RQ1).

The DuPont decomposition explains why the two measures diverged. Net margin and asset turnover drove the recovery through 2022; from that point onward, further ROE gains came mainly from a rising equity multiplier rather than continued operational improvement (RQ2). This coincided with a falling current ratio and a rising debt-to-asset ratio, indicating that the later stage of the recovery was increasingly financed through debt rather than retained cash (RQ3). The comparison with Adi Sarana Armada, whose higher ROE in 2024 and 2025 came with roughly double Blue Bird's leverage and a current ratio below 1.0x in both years, suggests this pattern is not unique to Blue Bird.

Taken together, these findings answer the objective set out in the Introduction: return on equity alone overstated the extent of Blue Bird's recovery from as early as 2021, and the gap did not close through operating performance alone. For analysts, creditors, and investors assessing recovery in capital-intensive, debt-reliant sectors, reported profitability should be read alongside a capital-charge-adjusted measure, particularly once leverage begins driving ROE more than margin or turnover. Extending the EVA calculation to Adi Sarana Armada and to other listed transportation and logistics issuers would help establish whether this divergence reflects a firm-specific outcome of Blue Bird's financing choices or a broader feature of capital-intensive recovery across the sector.

These results bear directly on the concern raised in the Theoretical Background: a reported ratio is only a useful signal to an outside observer if it is costly enough to produce that it separates genuine performance from performance that merely resembles it (Spence, 1973). ROE does not clear that bar on its own. As the DuPont results show, it can be raised through margin and turnover, which are costly to fake, or through the equity multiplier, which a firm can raise simply by borrowing more, without any corresponding improvement in the underlying business. In Blue Bird's case, the later years of the recovery leaned increasingly on the second route. A measure that can be inflated this cheaply does not separate value creation from re-leveraging the way a reliable signal should, which is exactly the gap Economic Value Added is designed to close by pricing in what that additional debt costs.

For analysts, creditors, and investors, this points to a specific practical check rather than a general caution. Once the equity multiplier, rather than net margin or asset turnover, becomes the main driver of a rising ROE, as it did at Blue Bird from 2022 onward and as it appears to at ASSA over 2024 and 2025, that shift is itself the signal to look past the headline ratio: a lender might treat it as a cue to tighten leverage covenants rather than reward the improved ratio, and an investor might treat it as a cue to ask whether the reported recovery would still look positive once a capital charge were deducted.

Two limitations bear on how far these findings should be pushed. First, the EVA estimates depend on a cost of capital built from a risk-free rate proxy, an emerging-market equity risk premium, and a cost of debt approximated from finance charges relative to average interest-bearing liabilities, and the calculation does not incorporate the fuller set of accounting adjustments that a complete implementation of the framework allows for (Young & O'Byrne, 2001); a materially different set of assumptions would narrow, though probably not eliminate, the gap reported here given its size relative to NOPAT in most years. Second, the case-based design, built around one firm observed in full and a second

observed at two year-ends only, cannot establish how representative this pattern is across the transportation subsector as a whole, and Economic Value Added was not computed for the comparison firm at all. Whether the ROE-EVA divergence documented here is a general feature of capital-intensive recovery in this sector, or a pattern specific to Blue Bird's financing choices, is a question the Conclusion returns to as a direction for further research.

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