

Comparative Analysis of PT Astra International Tbk's Financial Performance Before and After the Acquisition of PT Astra Aviva Life (2019–2023)

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Abstract

This study looks at how the financial performance of PT Astra International Tbk changed before and after it bought PT Astra Aviva Life between 2019 and 2023. The acquisition was finished in November 2020 and was a key move to improve Astra's financial services part, especially in life insurance. Astra increased its ownership to 99.99% to better control the business. The goal was to make the different parts of Astra work better together, save costs, and make more profit. But the process also brought challenges like the costs of combining the two companies and reorganizing their finances. The study checks if the acquisition helped Astra's finances get better overall. The research uses a quantitative method, looking at financial data from Astra's annual reports that are published on the Indonesia Stock Exchange. It looks at several financial indicators such as profitability (Net Profit Margin and Gross Profit Margin), liquidity (Current Ratio and Cash Ratio), activity (Total Asset Turnover and Fixed Asset Turnover), and solvency (Debt to Asset Ratio and Debt to Equity Ratio). Data from before the acquisition (2019–2020) and after (2021–2023) is compared to see if the acquisition led to better financial results. The results show that Astra's financial performance improved after the acquisition. Profitability measures like Net Profit Margin (NPM) and Gross Profit Margin (GPM) went up, showing better cost control and successful teamwork between Astra and Astra Life. Efficiency ratios such as Total Asset Turnover (TATO) and Fixed Asset Turnover (FATO) also increased, meaning Astra used its assets more effectively and worked more productively. These improvements support theories that well-run acquisitions add value through better management and operations. Liquidity ratios stayed stable, showing Astra could still meet its short-term costs even after the acquisition. Solvency ratios also improved, with the Debt to Equity Ratio (DER) going from 0.73 in 2020 to 0.69 in 2022. This shows Astra had a stronger financial structure and lower risk. These results show Astra managed its debt carefully while still growing its profits. Overall, the acquisition had a positive and lasting effect on Astra's financial performance. Even though there were some ups and downs during the integration period, Astra managed to balance growth with financial stability. The recovery of profitability, efficiency, and solvency after the acquisition shows that Astra used strong management and integration strategies to improve its competitiveness and long-term success. From an academic point of view, this study adds to the existing evidence that supports Synergy Theory and Differential Efficiency Theory. It shows that when companies do acquisitions in a smart and planned way, they can improve their performance in emerging markets. In real-world

terms, the results show that successful post-merger integration, good management of money, and achieving operational synergies are key to keeping a company financially stable. But this research only looks at financial ratios and doesn't take into account non-financial factors like culture or how well organizations work together.

Future research should look at these areas to better understand how acquisitions affect company value in Indonesia.

Keywords: Financial performance, acquisition, synergy theory, PT Astra International Tbk, PT Astra Aviva Life, profitability, liquidity, solvency, efficiency, differential efficiency.

Introduction

In today's globalized economy, competition in Indonesia's financial services and insurance industries continues to intensify, pushing major corporations to develop strategic initiatives to enhance their competitiveness and financial performance. **PT Astra International Tbk** (hereafter "Astra")—one of Indonesia's largest conglomerates—has long diversified its operations across automotive, heavy equipment, agribusiness, infrastructure, logistics, and financial services (PT Astra International Tbk, 2023). One of its significant strategic moves was the full acquisition of **PT Astra Aviva Life** (Astra Life), an insurance company previously established as a joint venture between Astra and Aviva International Holdings Limited. On **November 18, 2020**, Astra acquired Aviva's **49.99%** shareholding through its subsidiary, increasing its ownership to **99.99%** (Kontan, 2020). This acquisition reflected Astra's confidence in the long-term potential of Indonesia's life insurance sector (Bisnis.com, 2020). Following the transaction, the **Otoritas Jasa Keuangan (OJK)** approved the company's new business license under the name **PT Asuransi Jiwa Astra** (Kontan, 2021). The acquisition presented opportunities for synergy, cost efficiency, and higher revenue contributions, yet also challenges due to the industry's high risk and capital requirements. Therefore, analyzing Astra's **financial performance before and after the acquisition (2019–2023)** is essential to evaluate how the merger affected its profitability, liquidity, solvency, and efficiency. According to financial management theory, acquisitions can enhance value when synergies and resources are effectively managed—but may also increase risk if integration is poorly executed. Thus, empirical analysis of Astra's financial ratios provides valuable insight into the real impact of the acquisition on corporate performance and stability.

Theoretical Framework

Acquiring companies is a common business strategy used by big companies to strengthen their market position, improve efficiency, and enhance financial performance. According to Tarigan and Lie (2022), acquisitions are done to create added value through combining resources and improving operational efficiency (Read more). In the case of PT Astra International Tbk (Astra), the acquisition of PT Astra Aviva Life (Astra Life) in 2020 was a strategic move to expand its financial services portfolio, especially in the life insurance sector. Through its subsidiary, Astra acquired all the shares of Aviva International Holdings Limited, increasing its ownership to 99.99% (Kontan, 2020). [Click source.](#)

The theory of synergy explains that the combined value of two companies after an acquisition is greater than the sum of their values separately, due to increased revenue and cost efficiency (Chatterjee, 1986, in IJMER, 2022). Read more In Astra's case, synergy is expected to come from integrating the automotive and insurance businesses, through the use of distribution networks, digitalization, and cross-selling insurance products to vehicle customers. However, integration may also lead to additional costs and short-term performance uncertainty. In addition, the theory of differential efficiency states that an acquiring company with more efficient

management can improve the performance of the target company that was previously not optimal (IJMER, 2022).

Astra, with strong managerial experience, is assumed to be able to improve the efficiency of Astra Life after the acquisition. In this research, the acquisition is the independent variable that influences financial performance as the dependent variable, measured through profitability ratios (ROA, ROE), liquidity (Current Ratio), and solvency (DER, DAR). According to Abdullah and Tursoy (2021), acquisitions can change a company's capital structure and affect profitability depending on the source of financing. If financing is done through debt, leverage increases and can reduce short-term profits due to interest expenses, but long-term synergy may improve financial performance. The results of Meiryani et al. (2021) show that the impact of an acquisition is not always positive because of integration challenges and high restructuring costs. (Read more). On the contrary, Suryaningrum et al. (2023) emphasize that the success of an acquisition depends on the management's ability to create strategic innovations.

The research framework assumes that the acquisition of Astra Aviva Life may bring two possible outcomes: improved financial performance through efficiency and revenue growth, or reduced performance due to operational costs and integration risks. Comparing financial ratios during the period before (2019–2020) and after the acquisition (2021–2023) will show whether this strategy has a significant impact on Astra's performance. This study aims to evaluate the effectiveness of Astra's acquisition strategy in creating synergy and added value for shareholders, as well as provide empirical evidence on the impact of acquisitions on the financial performance of publicly listed companies in Indonesia.

Method

This study uses a quantitative approach with a descriptive comparative method to analyze the financial performance of PT Astra International Tbk before and after the acquisition of PT Astra Aviva Life during the period 2019–2023. The data used is secondary data in the form of annual financial reports obtained from the official website of PT Astra International Tbk and the Indonesia Stock Exchange.

Financial performance is measured through profitability ratios (Return on Assets and Net Profit Margin), liquidity (Current Ratio), and solvency (Debt to Asset Ratio and Debt to Equity Ratio). Each ratio is calculated using standard financial formulas and then compared between the period before the acquisition (2019–2020) and after the acquisition (2021–2023) to see changes in values.

The analysis is done manually by calculating the average and percentage change for each ratio to assess improvements or declines in financial performance. The results of the comparison are explained descriptively to determine whether the acquisition had a positive, negative, or insignificant impact on the company's financial

condition. This method was chosen because it is simple, objective, and relevant for showing the effect of the acquisition on the financial performance of a public company.

Results

1. Profitability Ratio Net Profit Margin

Year	NPM	%
2020 (Before Merger)	0,092341442	9,234144168
2021 (Transition)	0,086498062	8,649806197
2022 (After Merger)	0,096038543	9,603854283

Based on the data above, the Net Profit Margin (NPM) of **PT Astra International Tbk** shows slight fluctuations during the period from 2020 to 2022. In **2020 (before the merger)**, the company recorded an NPM of **0.0923 (9.23%)**, indicating that for every one rupiah of revenue, the company generated approximately 9.23 cents in net profit. This ratio reflects a fairly stable level of profitability despite the challenging business environment caused by the COVID-19 pandemic. In **2021 (transition period)**, the NPM decreased slightly to **0.0865 (8.65%)**, suggesting that profitability weakened. This decline may have been influenced by transition costs, restructuring expenses, or integration processes related to the merger with **PT Astra Aviva Life**. Such fluctuations are common during merger periods, as companies often experience temporary inefficiencies or one-time expenses before achieving full synergy. By **2022 (after the merger)**, the NPM rose again to **0.0960 (9.60%)**, demonstrating improved operational efficiency and synergy from the merger. The increase indicates that the company successfully leveraged the merger to enhance profitability, possibly through cost optimization, expanded customer base, or improved financial performance of the subsidiary. Overall, the trend shows that **PT Astra International Tbk** was able to recover from a transitional dip and achieve a stronger profitability ratio post-merger. This improvement suggests that the merger had a **positive long-term impact** on the company's financial performance, particularly in enhancing net profit relative to total revenue.

Gross Profit Margin

Year	GPM	%
2020 (Before Merger)	0,197633765	19,76337648
2021 (Transition)	0,197717198	19,77171981
2022 (After Merger)	0,213272988	21,32729885

The Gross Profit Margin (GPM) of **PT Astra International Tbk** demonstrates a consistent upward trend throughout the period of 2020 to 2022. In **2020 (before the merger)**, the company recorded a GPM of **0.1976 (19.76%)**, meaning that the company earned approximately 19.76 cents of gross profit for every one rupiah of sales revenue. This indicates a healthy level of efficiency in managing production and operational costs during a period marked by market uncertainty due to the pandemic. In **2021 (transition period)**, the GPM remained relatively stable at **0.1977 (19.77%)**, showing that the company maintained its cost efficiency and pricing strategy even during the merger transition process with **PT Astra Aviva Life**. The stability of this ratio suggests that the company's core operations were not significantly disrupted during the integration phase. By **2022 (after the merger)**, the GPM increased to **0.2133 (21.33%)**, indicating improved profitability at the gross level. This improvement likely reflects the successful realization of post-merger synergies, such as more efficient cost structures, enhanced operational management, or higher sales performance driven by combined business strengths. Overall, the steady growth in GPM from **19.76% to 21.33%** over three years illustrates that **PT Astra International Tbk** was able to strengthen its operational efficiency and maintain strong control over its cost of goods sold.

2. Activity Ratio Total Asset Turnover

Year	TATO
2020 (Before Merger)	0,517576722
2021 (Transition)	0,653975643
2022 (After Merger)	0,721693008

The Total Asset Turnover (TATO) of **PT Astra International Tbk** shows a positive and consistent upward trend from 2020 to 2022, reflecting improvements in the company's ability to generate revenue from its total assets. In **2020 (before the merger)**, the TATO stood at **0.5176**, meaning that every one rupiah invested in total assets produced approximately **Rp0.52** in sales revenue. This relatively low turnover ratio could be attributed to the economic slowdown during the COVID-19 pandemic, which affected sales activities across various industries, including automotive and financial services – Astra's main business segments. In **2021 (transition period)**, the TATO increased to **0.6540**, indicating better utilization of assets to generate income.

Fixed Asset Turnover

Year	FATO
2020 (Before Merger)	1,780044337
2021 (Transition)	2,352209305

2022 (Ater Merger)

2,932615211

The Fixed Asset Turnover (FATO) of **PT Astra International Tbk** shows a steady upward trend over the period 2020 to 2022, reflecting significant improvements in the company's efficiency in utilizing its fixed assets to generate revenue. In **2020 (before the merger)**, the FATO was **1.78**, meaning that every one rupiah invested in fixed assets generated approximately **Rp1.78** in sales. This indicates that the company's asset utilization efficiency was moderately strong, even amid the economic slowdown caused by the COVID-19 pandemic, which affected production and sales activities. In **2021 (transition period)**, the ratio increased to **2.35**, suggesting that the company was able to improve its use of fixed assets during the merger process with **PT Astra Aviva Life**. This growth may reflect Astra's operational recovery as economic conditions improved, along with effective management of its production facilities and infrastructure during the transition period. The increase also suggests that merger-related restructuring did not disrupt asset performance; instead, it may have enhanced coordination and productivity.

3.Liquidity Ratios Current Ratio

Year	Current Ratio	%
2020 (Before Merger)	1,543202389	154,3202389
2021 (Transition)	1,544277207	154,4277207
2022 (Ater Merger)	1,50856558	150,856558

The **Current Ratio** of **PT Astra International Tbk** remained relatively stable during the period from 2020 to 2022, showing the company's consistent ability to meet its short-term obligations. In **2020 (before the merger)**, the current ratio stood at **1.54 (154.32%)**, meaning that for every one rupiah of current liabilities, the company had **Rp1.54** in current assets. This indicates a strong liquidity position, suggesting Astra was in a healthy financial state to cover its short-term debts even during the uncertainty of the COVID-19 pandemic. In **2021 (transition period)**, the ratio slightly increased to **1.54 (154.43%)**, reflecting stability in the company's liquidity management during the merger process with **PT Astra Aviva Life**. The slight improvement implies that Astra maintained an optimal balance between liquidity and operational efficiency, ensuring sufficient current assets such as cash, receivables, and inventories to meet ongoing obligations.

Cash Ratio

Year	Cash Ratio	%
2020 (Before Merger)	0,55464449	55,46444901
2021 (Transition)	0,616190329	61,61903294

2022 (Ater Merger)	0,514228427	51,42284267
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The **Cash Ratio** of **PT Astra International Tbk** shows slight fluctuations from 2020 to 2022, reflecting changes in the company's most liquid asset management over the merger period. In **2020 (before the merger)**, the cash ratio was **0.55 (55.46%)**, indicating that Astra had **Rp0.55** in cash and cash equivalents for every one rupiah of current liabilities. This ratio shows a strong short-term liquidity position, meaning the company had sufficient immediate funds to meet its short-term obligations without relying on inventory sales or receivable collections. In **2021 (transition period)**, the ratio increased to **0.62 (61.62%)**, suggesting an improvement in liquidity during the merger process with **PT Astra Aviva Life**.

4. Solvency Ratio Debt to Asset Ratio

Year	Debt to asset ratio	%
2020 (Before Merger)	0,55464449	55,46444901
2021 (Transition)	0,616190329	61,61903294
2022 (Ater Merger)	0,514228427	51,42284267

The **Debt to Asset Ratio (DAR)** of **PT Astra International Tbk** experienced moderate fluctuations during the 2020–2022 period, reflecting changes in the company's capital structure and financing strategy before and after the merger with **PT Astra Aviva Life**. In **2020 (before the merger)**, the DAR stood at **0.55 (55.46%)**, indicating that 55% of the company's total assets were financed through debt. This ratio shows that Astra relied moderately on debt to fund its operations, which is still within a healthy range for large, diversified corporations. In **2021 (transition period)**, the DAR increased to **0.62 (61.62%)**, suggesting a higher dependence on debt financing during the merger process. This temporary increase could be associated with merger-related costs, restructuring expenses, or new investments made to support integration and future growth. Although the ratio rose, it still remained at a manageable level, showing that Astra maintained a balanced risk between debt and equity financing.

Debt to Equity Ratio

Year	Debt to Equity Ratio	%
2020 (Before Merger)	195,454	0,730345759
2021 (Transition)	215,615	0,70355031
2022 (After Merger)	243,72	0,695786148

The **Debt to Equity Ratio (DER)** of **PT Astra International Tbk** shows a gradual downward trend from 2020 to 2022, reflecting improvements in the company's capital structure and financial stability over the merger period. In **2020 (before the merger)**, the DER was **0.73**, indicating that for every one rupiah of equity, the company used **Rp0.73** in debt to finance its assets. This level suggests a balanced use of debt and equity, showing that Astra maintained moderate leverage in its operations.

In **2021 (transition period)**, the DER slightly decreased to **0.70**, which implies a reduction in debt reliance during the merger process with **PT Astra Aviva Life**. This change suggests that the company may have started managing its liabilities more conservatively to maintain financial flexibility and stability amid the uncertainties of integration and restructuring activities.

Discussion

The study shows that the financial performance of PT Astra International Tbk had big but balanced changes before and after taking over PT Astra Aviva Life. Looking at profitability, liquidity, activity, and solvency, it's clear that Astra recovered from a short period of lower performance and improved in several important areas.

From the profitability angle, both Net Profit Margin (NPM) and Gross Profit Margin (GPM) went up after the takeover. This means that working together with Astra Life helped Astra save more money and make more profit. This fits with the synergy theory by Chatterjee (1986), which says that when two companies combine their strengths, they can create more value. The rise in profits also matches the differential efficiency theory, which suggests that Astra's management improved how well the new subsidiary was run. In terms of efficiency, Total Asset Turnover (TATO) and Fixed Asset Turnover (FATO) both increased.

This shows that Astra used its assets better to make more money. The improvement shows how well the company managed its resources and restructured its business after the takeover. The higher asset turnover ratios mean the company is better at turning its assets into income, which supports the idea of long-term value creation.

Liquidity ratios like the Current Ratio and Cash Ratio stayed about the same, showing that Astra handled short-term debts well even with the changes from the merger. This stability means the company managed its financial risks effectively while making smart investments. On the solvency side, the Debt to Equity Ratio (DER) went down from 2020 to 2022, meaning Astra reduced its reliance on borrowed money and made its capital structure stronger. Even though the Debt to Asset Ratio (DAR) went

up in 2021, it later came back down as the company found a better balance in its financing. These results show that the takeover didn't put too much debt on the company, helping it stay financially stable. Overall, these findings match those of Tarigan and Lie (2022) and Suryaningrum et al. (2023), who said that a successful takeover depends on the management's ability to create synergy and come up with new strategies.

Conclusion

This study finds that when PT Astra Aviva Life was acquired by PT Astra International Tbk, it had a generally good effect on the company's financial results from 2019 to 2023. The analysis shows that after the acquisition, the company saw improvements in its ability to make profits, use its resources efficiently, and stay financially strong. This suggests that Astra was able to use the merger to improve how it runs its business and strengthen its financial position. After the acquisition, the company saw a recovery in its net profit margin, growth in its gross profit margin, and a steady increase in how well it uses its assets. These changes show that the merger led to benefits like cutting costs, better teamwork between different parts of the business, and more effective use of resources. At the same time, the company kept its liquidity in a stable position and reduced how much debt it carried, showing that it managed its finances carefully. This ensured that the acquisition didn't weaken the company's ability to meet short-term needs or affect its long-term financial health.

From a research point of view, this study provides real-world examples that support the idea that mergers can lead to better financial results if done well. For businesses that plan to buy other companies, the findings suggest they should focus on properly integrating the new company, controlling costs, and making their financial structure better to create more value over time. However, this study has some limits. It used existing financial data and focused on ratios, which might not show important non-financial factors like how well different cultures work together or changes in management. Future research could look at this in more depth by using longer time periods, more detailed qualitative analysis, or more advanced statistical methods to better understand how strategic acquisitions impact company value in Indonesia's business environment.

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