

Financial Analysis of PT. Unilever Indonesia Tbk Using The Economic Value Added (EVA) Method for The Period 2020–2025

Novi Anggraini^{1*}, Faizah Nabila², Putri Guslia³, Agustina Wulandari⁴, Nurul Depty Anggraini⁵,
Hasan Subaidi⁶, Yossinomita Yossinomita⁷

^{1*,2,3,4,5,6,7}Faculty of Management and Business, Universitas Dinamika Bangsa
^{1*,2,3,4,5,6,7}Email: ^{1*}noovianggrainn@gmail.com, ²faizahnabilla06@gmail.com,
³putrigusliaa@gmail.com, ⁴agwulandr@gmail.com, ⁵nuruldepty@gmail.com,
⁶hasansubaidi5@gmail.com, ⁷yossinomita.saputra@gmail.com

ABSTRACT

This study aims to analyze the financial performance of PT Unilever Indonesia Tbk during the 2020–2025 period using the Economic Value Added (EVA) method. The EVA method measures a company's ability to create economic value after accounting for the total cost of capital employed. This study employs a quantitative descriptive approach using secondary data obtained from the company's annual financial reports published on the Indonesia Stock Exchange. The analysis was conducted by calculating the main components of EVA, namely Net Operating Profit After Tax (NOPAT), Invested Capital (IC), Weighted Average Cost of Capital (WACC), Capital Charges (CC), and Economic Value Added (EVA). The results of the study indicate that PT Unilever Indonesia Tbk successfully generated positive EVA values during the 2020–2025 period. All EVA values were above zero ($EVA > 0$), indicating that the company was able to create economic value added and meet the expectations of shareholders and creditors. However, EVA showed a declining trend throughout the observation period due to decreasing operating profit and changes in capital costs. This study concludes that PT Unilever Indonesia Tbk has demonstrated sound financial performance during the study period and has been able to manage its capital effectively in creating economic value.

Keywords: *Financial Performance, Unilever, EVA, WACC, NOPAT*

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INTRODUCTION

The ever-changing and dynamic nature of the business world demands that every company not only survive but also thrive amidst increasingly fierce competition. Evaluating financial performance is essential for assessing a company's ability to manage its resources efficiently and achieve sustainable growth (Diva and Lukman, 2021). However, conventional performance measurement methods such as profitability ratios (ROA, ROE, NPM) have fundamental weaknesses as they focus solely on accounting profit without taking into account the cost of capital and the risks faced by the company (Rismansyah and Sudiyanto, 2019). These limitations may result in misleading conclusions regarding a company's actual financial performance because conventional profitability ratios ignore the cost of capital and investment risk.

To address these limitations, financial analysts developed the Economic Value Added (EVA) approach as a value-based performance metric. EVA measures the difference between net operating profit after tax (NOPAT) and the cost of capital incurred by the company, thereby reflecting whether the company has genuinely created economic value for shareholders (Susanti *et al.*, 2022). According to (Bisnis *et al.*, 2024) EVA not only measures the economic value created by a company but also evaluates the effectiveness of investment decisions and capital management. This makes EVA a more accurate method for evaluating financial performance compared to traditional ratios.

PT Unilever Indonesia Tbk is one of the largest consumer goods companies in Indonesia and has been listed on the Indonesia Stock Exchange for many years. As a public company, Unilever is required to continuously enhance value for its shareholders. However, based on the company's financial reports for the 2020–2025 period, it is evident that Unilever's net profit has experienced significant fluctuations. Pre-tax profit in 2020 stood at Rp9,451,012 million, then fell to Rp7,679,451 million in 2021, and continued to decline to reach Rp4,414,880 million in 2024. This situation indicates operational challenges that require in-depth evaluation, particularly regarding capital efficiency.

Previous research on Unilever's financial performance using the EVA method has been conducted by several researchers. (Kurniati, 2009) found that Unilever was able to generate positive EVA during the period 2006-2008, indicating good financial performance. Similar results were also confirmed by Zulvina & Musdholifah (2010), who stated that Unilever's merger with PT Knorr Indonesia succeeded in significantly increasing the company's EVA value. However, the majority of these studies were conducted prior to the COVID-19 pandemic. Meanwhile, the 2020-2025 period represents a critical phase characterised by global economic uncertainty, shifts in consumer behaviour, and fluctuations in capital costs-factors that remain largely unaddressed in the existing literature.

Given this research gap, it is important to evaluate the financial performance of PT Unilever Indonesia Tbk for the period 2020-2025 using the EVA method. This study aims to measure the effectiveness of the company's capital management in creating economic value added and to determine whether Unilever is still capable of generating positive EVA amidst the post-pandemic economic dynamics. It is hoped that the results of this study will contribute to the development of financial management literature, serve as a basis for investors' investment decisions, and provide strategic input for company management.

METHOD

A. Research Design

This study employs a quantitative descriptive approach using the Economic Value Added (EVA) method to analyse the financial performance of PT Unilever Indonesia Tbk for the period 2020-2025. The EVA method is used because it measures a company's ability to generate economic value added after deducting the cost of capital incurred by the company in carrying out its operational activities. The EVA calculation is carried out using several components, namely Net Operating Profit After Tax (NOPAT), Invested Capital (IC), Weighted Average Cost of Capital (WACC), and Capital Charges, to determine whether the company is capable of creating economic value for its shareholders after covering the cost of capital. The research data utilises secondary data in the form of the annual financial reports of PT Unilever Indonesia Tbk for the period 2020-2025, as well as various literature related to the EVA method. By employing this method, the research is expected to provide an overview of the company's financial performance development during the study period and the company's effectiveness in managing its capital (Hefrizal, 2018).

B. Population and Sample

The population for this study comprises all financial reports of PT Unilever Indonesia Tbk., a consumer goods company whose activities range from the production to the marketing of household and personal care products. According to Firdaus, Jailani, Risnita, & Asrulla (2023) the population is the totality of elements in a study, comprising objects and subjects with specific traits and characteristics defined by the researcher. The sample consists of the annual financial statements of PT Unilever Indonesia Tbk covering the fiscal years 2020–2025. The selection of this sample is based on the desire to understand how the company manages its capital and financial resources in the post-COVID-19 pandemic context, which has brought various challenges and changes to market dynamics. This data will provide important insights into operational efficiency, performance Financial Performance, and the company's ability to generate economic value-added during that period, which were critical years for the company's strategic adaptation and economic recovery (Utami, 2016).

C. Data Collection Techniques

In this study, the data collection technique employed was a documentation method, which involves the collection and analysis of secondary data from financial reports available on the official website of PT Unilever Indonesia Tbk. This financial data was selected as it provides accurate and reliable information regarding the company's financial position, including revenue, costs, and other relevant information essential for the calculation of Economic Value Added (EVA). The data collection process using this technique involved a systematic search for annual reports, financial records, and official publications issued by the company during the study period from 2020 to 2025. Once the data has been collected, the next step is to organise and analyse it to identify key components such as Net Operating Profit After Tax (NOPAT), Invested Capital (IC), and Weighted Average Cost of Capital (WACC). This documentary method enables researchers to efficiently collect the necessary data without direct intervention, ensuring that the analysed data is accurate and reflects the company's operational and financial reality during the period under review.

D. Data Analysis Techniques

This study aims to describe financial performance and assess how companies can create added value. Therefore, the Economic Value Added (EVA) method is used to calculate the added value generated by the company. Several stages in the EVA calculation include:

1. Calculating Net Operating Profit After Tax (NOPAT)

Net Operating Profit After Tax, or NOPAT, is a key component in the EVA calculation; NOPAT itself represents operating profit before tax minus tax. Thus, NOPAT—commonly referred to as operating profit after tax—reflects the value created within the company (Wiyono and Kusuma, 2017). The following is the formula for calculating NOPAT:

$$NOPAT = Net Profit - Tax$$

2. Calculating Invested Capital (IC) Invested Capital (IC)

Is derived from an analysis of the balance sheet to determine the amount of capital invested in the company by creditors and the amount of capital invested in the company (Wiyono and Kusuma, 2017). The following is the formula for calculating IC:

$$IC = Total Debt \& Equity - Short Term Debt$$

3. Calculating the Weighted Average Cost of Capital (WACC)

The weighted average cost of capital (WACC) is another key component of EVA. The weighted average cost of capital is used as a measure to determine the magnitude of the cost of capital which describes the level of return on investment expected by investors. WACC is the cost of equity in this context and can be calculated by multiplying ROE and the cost of debt respectively by the proportion of equity and debt in the company's capital structure (Wiyono and Kusuma, 2017). The following is the formula for calculating WACC:

$$WACC = [(D \times Rd)(1 - Tax) + (E \times Re)]$$

Notes:

a. Cost of Debt (D)

Indicates the proportion of debt in the company's capital structure. This cost reflects the extent to which the company uses debt as a source of financing in conducting its business activities.

$$D = \frac{Total Liabilities}{Total Debt \& Equity} \times 100\%$$

b. Cost of Debt (Rd)

This represents the rate of return or the cost that a company must pay to creditors for the use of borrowed funds. Rd indicates the percentage of interest that constitutes a cost to the company due to the use of debt as a source of funding.

$$Rd = \frac{Interest Expense}{Total Liabilities} \times 100\%$$

c. Cost of Equity (E)

Indicates the proportion of equity within the company's overall capital structure. This cost illustrates the extent to which the company utilises capital from shareholders to finance its operational activities.

$$E = \frac{Total Equity}{Total Liabilities \& Equity} \times 100\%$$

d. Cost of Equity (Re)

This represents the rate of return that investors or shareholders expect on the capital they have invested in the company. Re indicates the cost that the company must 'bear' for using funds from its owners or shareholders.

$$Re = \frac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100\%$$

e. Tax Rate

Plays a role in reducing the interest expense incurred by the company on its debt (tax saving). The tax rate is used to calculate the after-tax cost of debt, as interest on debt can reduce the company's tax liability.

$$Tax = \frac{\text{Tax Burden}}{\text{Net Profit Before Tax}} \times 100\%$$

4. Calculating Capital Charges (CC)

Capital Charges represent the cash flow required to compensate investors for the business risk associated with the capital they have invested (Rudianto, 2013). The following is the formula for calculating CC :

$$CC = WACC \times IC$$

5. Calculating Economic Value Added (EVA)

Economic Value Added (EVA), as a measure of financial performance, is based on the concept of economic profit, which states that wealth is only created when a company is able to (Rudianto, 2013). The following is the formula for calculating EVA :

$$EVA = NOPAT - CC$$

According to Rismansyah & Sudiyanto (2019) Economic Value Added (EVA) is a method of measuring financial performance used to determine a company's ability to create economic value through the management of its capital. In a study on the financial analysis of PT Unilever Indonesia Tbk for the period 2020-2025, the EVA results can be divided into the following three categories:

1. Positive EVA ($EVA > 0$)

A positive EVA indicates that PT Unilever Indonesia Tbk is able to generate operating profits that exceed the company's cost of capital. This reflects strong financial performance and the management's success in creating economic value for the company and its shareholders.

2. Zero EVA ($EVA = 0$)

An EVA value of zero indicates that PT Unilever Indonesia Tbk is at economic break-even, where the profit generated is just sufficient to cover the company's cost of capital. This signifies that the company has not yet succeeded in creating economic value-added, but has also not experienced a decline in financial performance.

3. Negative EVA ($EVA < 0$)

A negative EVA indicates that PT Unilever Indonesia Tbk has not yet been able to generate a rate of return that exceeds the cost of capital employed. This situation suggests that the company has failed to create economic value, meaning that the expectations of investors and creditors have not yet been fully met.

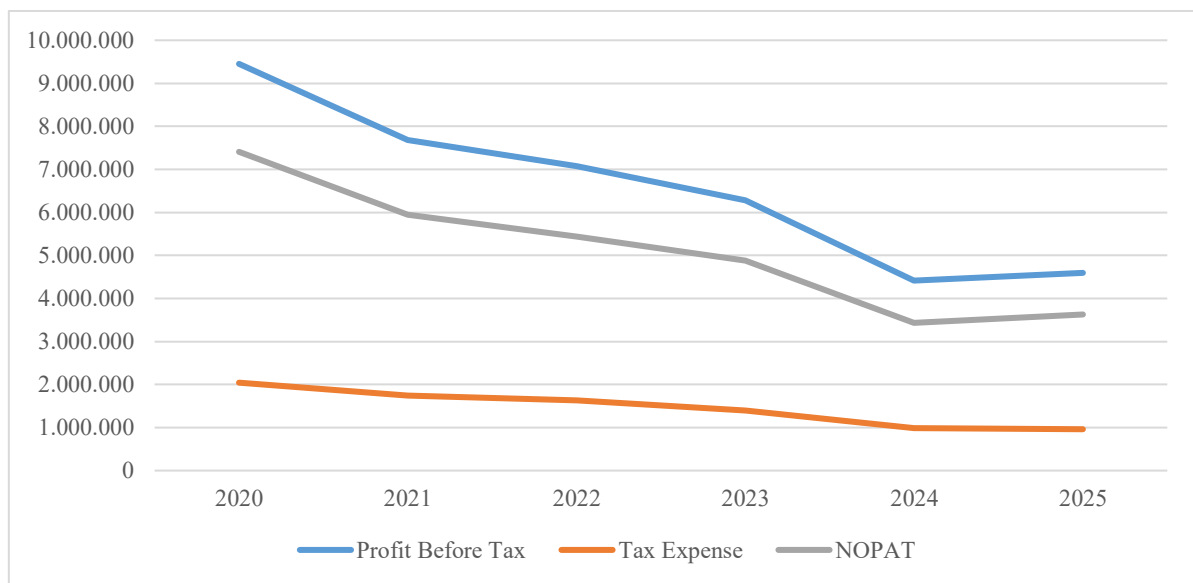
RESULTS**A. Calculating Net Operating Profit After Tax ($NOPAT$)**

Table 1. and Figure 1. shows the calculation of Net Operating Profit After Tax ($NOPAT$) for PT Unilever from 2020 to 2025. $NOPAT$ is obtained by deducting income tax expense from profit before tax. In 2020, $NOPAT$ stood at 7.407.679, the reflecting the company's strongest operating performance during the observation period. This figure then declined gradually to 5.941.007 in 2021, 5.439.766 in 2022, and 4.878.347 in 2023. A further decline occurred in 2024, with $NOPAT$ falling to 3.433.149, though it saw a slight increase to 3.631.038 in 2025.

Table 1. NOPAT Calculation

Year	Profit Before Tax	Tax Expense	NOPAT
2020	9.451.012	2.043.333	7.407.679
2021	7.679.451	1.738.444	5.941.007
2022	7.068.808	1.629.042	5.439.766
2023	6.279.283	1.400.936	4.878.347
2024	4.414.880	981.731	3.433.149
2025	4.592.021	960.983	3.631.038

Source: Financial Report of PT Unilever Indonesia Tbk



Source: Financial Report of PT Unilever Indonesia Tbk

Figure 1. Development of PT Unilever's NOPAT for the period 2020-2025

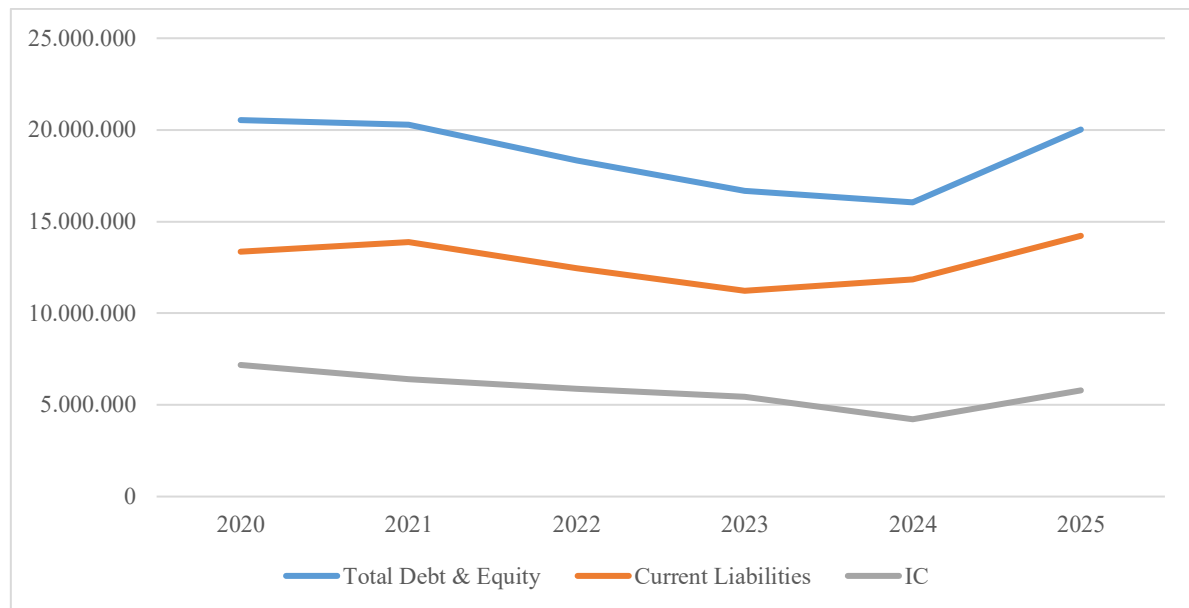
B. Calculating Invested Capital (IC)

Table 2. and Figure 2. shows the calculation of Invested Capital (IC) for PT Unilever from 2020 to 2025. The formula used to calculate IC is the sum of total liabilities and equity, minus current liabilities. In 2020, IC stood at 7.177.096, before gradually declining to 6.407.064 in 2021, 5.875.891 in 2022, and 5.440.118 in 2023. The decline continued to a low of 4.215.994 in 2024, before eventually rising again to 5.794.720 in 2025. The declining trend in invested capital indicates that the company reduced the amount of long-term capital employed in its operations until 2024 before increasing it again in 2025. This data is important for assessing how effectively invested capital is utilised in the company's operational activities, and demonstrates adjustments to the financing mix made during that period.

Table 2. IC Calculation

Year	Total Debt & Equity	Current Liabilities	IC
2020	20.534.632	13.357.536	7.177.096
2021	20.274.146	13.867.082	6.407.064
2022	18.318.114	12.442.223	5.875.891
2023	16.664.086	11.223.968	5.440.118
2024	16.046.195	11.830.201	4.215.994
2025	20.017.339	14.222.619	5.794.720

Source: Financial Report of PT Unilever Indonesia Tbk



Source: Financial Report of PT Unilever Indonesia Tbk

Figure 2. Development of PT Unilever's IC for the Period 2020-2025

C. Components of the Weighted Average Cost of Capital (WACC)

Table 3. presents the calculation of the Debt-to-Equity Ratio (D) for PT Unilever for the period from 2020 to 2025. The formula used to calculate D is the ratio of total liabilities to total debt and equity, multiplied by 100% to obtain the percentage. From the data presented, it can be seen that in 2020, the debt-to-equity ratio stood at 75,96%, which then rose gradually to 77,34% in 2021, 78,18% in 2022, and 79,71% in 2023. A significant increase occurred in 2024, when the debt ratio reached a peak of 86,61%, before eventually falling back to 77,64% in 2025. This change reflects fluctuations in the proportion of debt within the company's capital structure. The figures, which continued to rise until 2024, indicate an increasing reliance on debt to finance both operational and investment activities. Meanwhile, the decline in 2025 suggests an adjustment in funding policy, whereby the company began to reduce its debt ratio and balance it with other sources of funding. This provides an insight into management's strategy for managing financial risk and responding to changing market conditions.

Table 3. Calculation of D

Year	Total Liabilities	Total Debt and Equity	D (%)
2020	15.597.264	20.534.632	75,96%
2021	14.747.263	19.068.532	77,34%
2022	14.320.858	18.318.114	78,18%
2023	13.282.848	16.664.086	79,71%
2024	13.896.928	16.046.195	86,61%
2025	15.542.221	20.017.339	77,64%

Source: Financial Report of PT Unilever Indonesia Tbk

Table 4. shows the calculation of the Cost of Debt (Rd) for PT Unilever from 2020 to 2025. The method for calculating Rd involves dividing the annual interest expense by total liabilities, and then multiplying the result by 100% to obtain the percentage. The data presented shows that in 2020, the cost of debt stood at 1,59%, which then fell to 1,25% in 2021 and dropped sharply to 5,9% in 2022. In 2023, this figure rose slightly to 7,9%, before falling again to a low of 5,2% in 2024, and rising once more to 7,6% in 2025. This general decline in borrowing costs reflects improved efficiency in the company's debt management, as well as the potential influence of prevailing market conditions and interest rate policies. This situation illustrates how the company has successfully reduced borrowing costs in an effort to optimise the use of debt-financed capital.

Table 4. Calculation of Rd

Year	Interest Expense	Total Liabilities	Rd(%)
2020	248.790	15.597.264	1,59%
2021	184.876	14.747.263	1,25%
2022	85.211	14.320.858	0,59%
2023	105.970	13.282.848	0,80%
2024	72.274	13.896.928	0,52%
2025	118.188	15.542.221	0,76%

Source: Financial Report of PT Unilever Indonesia Tbk

Table 5. shows the calculation of the Cost of Equity (E) for PT Unilever from 2020 to 2025. The formula used in this calculation is the ratio of total equity to total liabilities and equity, which is then multiplied by 100% to obtain the percentage. In 2020, the proportion of equity in the company's capital structure stood at 24,04%; this figure then declined gradually to 22,66% in 2021, 21,82% in 2022, and 20,29% in 2023. A fairly sharp decline occurred in 2024, when the equity ratio fell to 13,39%, before eventually rising significantly again to 22,36% in 2025. These figures indicate a shift in the company's financing policy. The decline in the equity percentage up to 2024 suggests that the company prioritised debt over equity in its financing structure. This may also reflect the company's financial performance or the dividend policy in place. Meanwhile, the increase in 2025 signals a readjustment of the capital structure, with companies beginning to increase the proportion of equity financing to balance the capital structure and adapt to changing economic conditions.

Table 5. Calculation of E

Year	Total	Total Liabilities & Equity	E(%)
2020	4.937.368	20.534.632	24,04%
2021	4.321.269	19.068.532	22,66%
2022	3.997.256	18.318.114	21,82%
2023	3.381.238	16.664.086	20,29%
2024	2.149.267	16.046.195	13,39%
2025	4.475.118	20.017.339	22,36%

Source: Financial Report of PT Unilever Indonesia Tbk

Table 6. shows the calculation of the Cost of Equity (Re) for PT Unilever from 2020 to 2025. The method used involves dividing net profit after tax by total equity, then multiplying by 100% to obtain the percentage. In 2020, the cost of equity stood at 145,088%, then fell to 133,251% in 2021 and rose slightly to 134,211% in 2022. This figure rose again to 141,988% in 2023, then increased significantly to 156,737% in 2024, and reached a peak of 170,748% in 2025. These changes reflect fluctuations in the company's ability to generate profit relative to its equity. The continuous rise up to 2025 indicates that the use of equity capital to generate profit is becoming increasingly efficient. This serves as a key indicator of strong financial performance, whilst also demonstrating the company's ability to deliver high returns on investment for shareholders

Table 6. Re Calculation

Year	Net Profit After Tax	Total Equity	Re(%)
2020	7.163.536	4.937.368	145.088%
2021	5.758.148	4.321.269	133,251%
2022	5.364.761	3.997.256	134,211%
2023	4.800.940	3.381.238	141,988%
2024	3.368.693	2.149.267	156,737%
2025	7.641.161	4.475.118	170,748%

Source: Financial Report of PT Unilever Indonesia Tbk

Table 7. presents the calculation of the tax rate for PT Unilever from 2020 to 2025. This calculation uses a formula in which the tax expense is divided by the pre-tax net profit, and the result is then multiplied by 100% to determine the effective tax rate In 2020, the tax rate applied was 22,19%, which then increased slightly to

23,19% in 2021 and rose again to 23,29% in 2022. Thereafter, this rate decreased gradually to 22,59% in 2023, 22,57% in 2024, and fell further to 21,36% in 2025. Changes in this tax rate reflect variations in the tax burden paid against pre-tax profit, and are influenced by changes in tax policy as well as the company's financial performance. Column 1 - Tax(%) shows the percentage of pre-tax net profit remaining after deducting the tax burden. This Figure Moves inversely to the tax rate, namely from 77,81% in 2020 to 76,81% (2021), 76,71% (2022), then rising again to 77,41% (2023), 77,43% (2024), and reaching 78,64% in 2025. This figure is important for measuring the company's level of fiscal efficiency as well as management's ability to manage tax liabilities effectively and optimally.

Table 7. Tax Calculation

Year	Tax Expense	Pre-Tax Net Profit	Tax (%)	1-Tax(%)
2020	2.043.333	9.206.869	22,19%	77,81%
2021	1.738.444	7.496.592	23,19%	76,81%
2022	1.629.042	6.993.803	23,29%	76,71%
2023	1.400.936	6.201.876	22,59%	77,41%
2024	981.731	4.350.424	22,57%	77,43%
2025	960.986	4.498.280	21,36%	78,64%

Source: Financial Report of PT Unilever Indonesia Tbk

D. Calculation of Weighted Average Cost of Capital (WACC)

Table 8. shows the calculation of the Weighted Average Cost of Capital (WACC) for PT Unilever from 2020 to 2025. This calculation integrates the cost of capital components from debt and equity by combining the product of the cost of debt capital (D) multiplied by the cost of debt (Rd), which is then adjusted by (1-Tax), and the product of the cost of equity capital (E) multiplied by the cost of equity (Re). In 2020, the company's WACC stood at 35,82%, before falling to 30,93% in 2021. This figure rose again to 32,82% in 2022 and 33,68% in 2023, before dropping significantly to 24,47% in 2024. In the final year of the observation period, namely 2025. The increase in WACC during 2025 was mainly attributable to the higher return on equity used in the calculation together with the increase in invested capital. The WACC is a key indicator that helps management evaluate the efficiency of financing and the use of capital allocated to operations and investment projects, thereby serving as a fundamental basis for the company's strategic decision-making.

Table 8. WACC Calculation

Year	D (%)	Rd (%)	D × (%)	Rd	1-Tax (%)	E (%)	Re (%)	E × Re (%)	WACC
2020	75,96%	1,59%	1,21%		77,81%	24,04%	145,088%	34,88%	35,82%
2021	77,34%	1,25%	0,97%		76,81%	22,66%	133,251%	30,19%	30,93%
2022	78,18%	5,9%	4,61%		76,71%	21,82%	134,211%	29,28%	32,82%
2023	79,71%	7,9%	6,30%		77,41%	20,29%	141,988%	28,81%	33,68%
2024	86,61%	5,2%	4,50%		77,43%	13,39%	156,737%	20,99%	24,47%
2025	77,64%	7,6%	5,90%		78,64%	22,36%	170,748%	38,18%	42,81%

Source: Financial Report of PT Unilever Indonesia Tbk

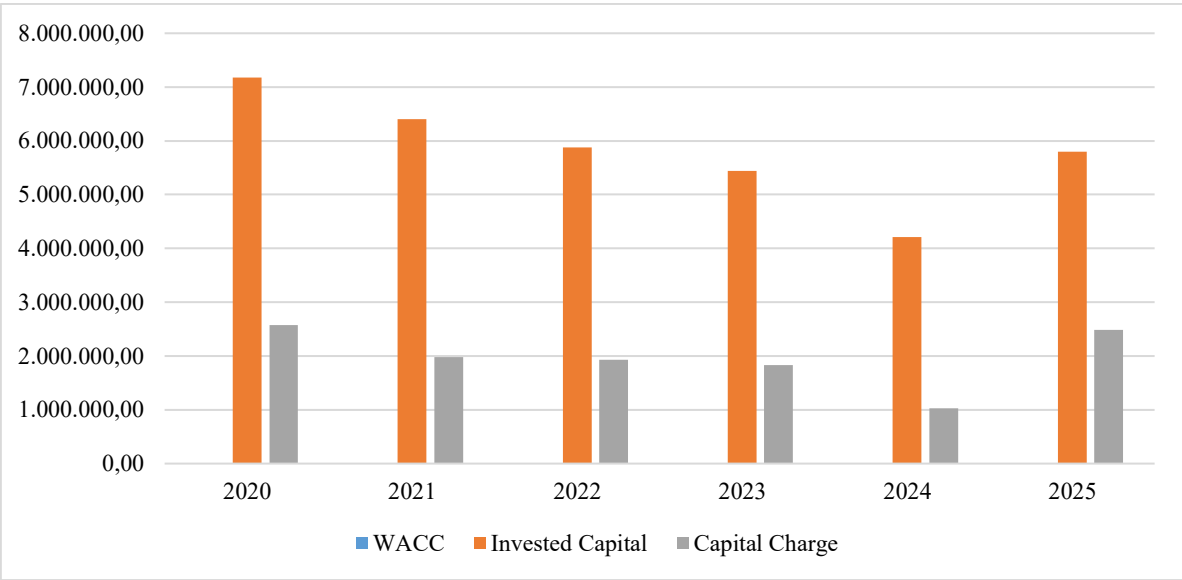
E. Calculation of Capital Charges (CC)

Table 9 and Figure 3. presents the Capital Charge (CC) calculations for PT Unilever from 2020 to 2025, where the CC value is calculated by multiplying the Weighted Average Cost of Capital (WACC) by the Invested Capital (IC) In 2020, the CC stood at 2,570,835, before gradually declining to 1,981,704 in 2021, 1,928,467 in 2022, and 1,832,231 in 2023. A sharp decline occurred in 2024, when the CC reached its lowest point at 1,040,462, before eventually rising significantly again to 2,480,719 in 2025. These changes reflect fluctuations in the cost of capital that the company must bear for the use of all invested capital, which is influenced by changes in the weighted average cost of capital as well as the total amount of capital invested. The Capital Charge is a key indicator for in assessing whether a company is capable of generating economic value that exceeds its cost of capital. Consequently, monitoring this figure is highly beneficial to management in evaluating the effectiveness of the company's financing policies and investment strategies implemented during the period.

Table 9. Capital Charge

Year	WACC	Invested Capital	Capital Charge
2020	35,82%	7.177.096	2.570.835
2021	30,93%	6.407.064	1.981.704
2022	32,82%	5.875.891	1.928.467
2023	33,68%	5.440.118	1.832.231
2024	24,47%	4.215.994	1.031.653
2025	42,81%	5.794.720	2.480.719

Source: Financial Report of PT Unilever Indonesia Tbk



Source: Financial Report of PT Unilever Indonesia Tbk

Figure 3. CC Chart

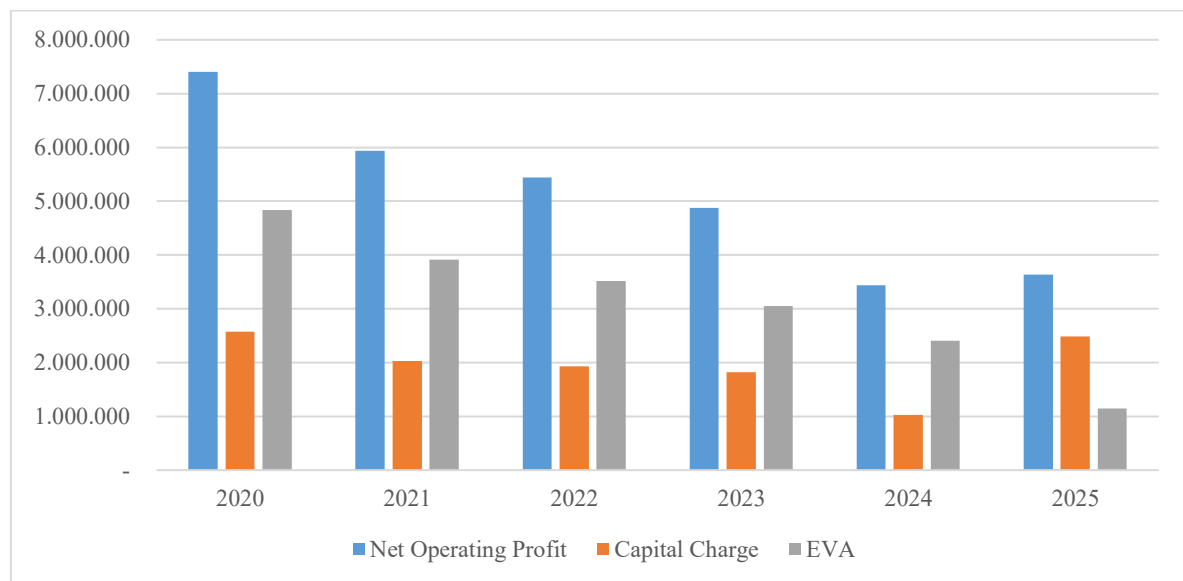
F. Calculating Economic Value Added (EVA)

Table 10. And Figure 4. shows the Economic Value Added (EVA) calculations for PT Unilever from 2021 to 2025. The EVA figure is obtained by subtracting the Capital Charge (CC) from the Net Operating Profit After Tax (NOPAT). In 2020, EVA stood at 4.836.844, then fell to 3.913.172 in 2021, 3.511.887 in 2022, and dropped further to 3.054.820 in 2023. The decline continued into 2024 and 2025, when the EVA value reached 2.401.917 and 1.150.319. The declining EVA trend indicates that the reduction in operating profit was greater than the reduction in capital charges, resulting in lower economic value creation over time. Although the value continues to decline, the fact that EVA remains positive indicates that the company is still capable of generating economic value in excess of the total cost of capital employed. This metric provides a critical insight into the company's success in generating additional returns for shareholders, whilst also serving as an indicator of management's effectiveness in efficiently managing and utilising available resources.

Table 10. Economic Value Added

Year	Net Operating Profit	Capital Charge	EVA
2020	7.407.679	2.570.835	4.836.844
2021	5.941.007	1.981.704	3.913.172
2022	5.439.766	1.928.467	3.511.887
2023	4.878.347	1.832.231	3.054.820
2024	3.433.149	1.031.653	2.401.917
2025	3.631.038	2.480.719	1.150.319

Source: Financial Report of PT Unilever Indonesia Tbk



Source: Financial Report of PT Unilever Indonesia Tbk

Figure 4. EVA Chart

DISCUSSION

A. An Overview of the Financial Performance of PT Unilever Indonesia Tbk Based on EVA

The results of the analysis indicate that PT Unilever Indonesia Tbk remains capable of generating economic value added during the observation period. This is evident from the Economic Value Added (EVA) figure, which remains positive. In general, this indicates that the company's operating profit after tax is still greater than the cost of capital it must bear. Consequently, the company is still able to deliver an economic return in excess of its cost of capital. However, the results also indicate a decline in the company's ability to generate added value. NOPAT fell from Rp7,407,679 million in 2020 to Rp3,433,149 million in 2024, before slightly increasing to Rp3,631,038 million in 2025. This decline suggests that the company's operating profit after tax faced significant pressure during this period. On the other hand, the capital charge also fell from Rp2,570,835 million in 2020 to Rp1,031,653 million in 2024, as invested capital decreased from Rp7,177,096 million to Rp4,215,994 million and the WACC fell from 35.82% to 24.47%. In 2025, however, invested capital increased to Rp5,794,720 million, while WACC rose to 42.81%, resulting in an increase in capital charge to Rp2,480,719 million. These conditions mean that EVA remains positive, but is trending downwards. Based on the calculations in this article, EVA moved from around Rp4,836,844 million at the start of the period to around Rp2,401,917 million in 2024, before declining further to approximately Rp1,150,319 million in 2025. This means that Unilever Indonesia is still generating economic value added, but this value added is not growing stronger. This discussion is important because financial performance should not be assessed solely on the basis of accounting profit, but must also be evaluated in terms of the company's ability to generate profit after all capital costs have been taken into account (Anglina, Maduwu and Raja, 2025; Hartoyo, Darman and Abdullah, 2023).

B. Comparison with EVA Studies on Other Companies

These results are consistent with several studies that use the EVA method as a measure of financial performance. Research on PT Bank Pembangunan Daerah Sulawesi Tenggara shows that the company was able to consistently record positive EVA even though the components of NOPAT, Invested Capital, WACC, and Capital Charge fluctuated during the period 2019-2023 (Awaluddin, Tamburaka, & Riberu, 2025). This similarity indicates that positive EVA does not necessarily mean that all financial components are stable, but rather that the company is still capable of creating added value after capital costs have been taken into account. The findings of this article are also consistent with research on BPRS AL Salaam, which identifies EVA as a key approach to assessing value-added financial performance. That study utilised financial ratios, EVA, and FVA to evaluate the company over the 2017-2021 period, resulting in a broader scope in terms of measurement tools. The difference lies in the fact that the analysis of PT Unilever Indonesia Tbk focuses more on EVA as the primary measure, so the discussion is directed at changes in NOPAT, Invested Capital, WACC, Capital Charge, and EVA in more specific terms (Firman & Syakiriyah, 2024). When compared with the study on Bank Jago for the 2020-2022 period, there is a difference in the pattern of results. Bank Jago was initially unable to generate economic value added, but subsequently showed improvement following digital transformation and technological modernization (Siska, 2023). Meanwhile, PT Unilever Indonesia Tbk recorded positive EVA from the start of the period, but experienced a gradual decline. Thus, the key distinction in this article lies in the direction of their performance trends. Bank Jago demonstrates a recovery in value added, whilst Unilever shows value added that remains positive but is weakening. Research on companies in the IDX BUMN20 index before and after the pandemic also serves as a relevant point of comparison. This research indicates that EVA and Net Profit Margin exhibit statistically significant differences between the pre- and post-pandemic periods, whereas the Current Ratio and Debt to Asset Ratio do not show significant differences (Kasih & Sutoyo, 2023). This supports the context of the Unilever article, as the 2020-2025 period was heavily influenced by economic changes resulting from the pandemic and the subsequent recovery phase. However, the Unilever article differs in that it does not statistically compare pre-and post-pandemic periods, but rather traces the year-on-year changes in EVA for a single company in the consumer goods sector.

C. Differences in the Focus of Analysis between Research on Capital Structure and Firm Value

The analysis in this article is also related to research on capital structure, but its focus is different. Research on PT Indofood CBP Sukses Makmur for the period 2017-2021 emphasises the importance of an optimal capital structure in maximising firm value through the calculation of the cost of capital and WACC. In that study, an optimal capital structure occurs when the composition of debt and equity is able to generate the most efficient WACC and high firm value (Saputri et al, 2023). In the article on PT Unilever Indonesia Tbk, WACC is not discussed as the ultimate objective for determining the optimal capital structure, but is used as one of the main components in calculating Capital Charge and EVA. In other words, capital structure research focuses on how the mix of debt and equity can maximise corporate value, whilst the Unilever article focuses on whether the company actually creates economic value after these capital costs have been taken into account. This distinction means that Unilever's analysis places greater emphasis on the final outcome of value creation, rather than merely the composition of funding. This is also relevant to research on capital structure, working capital turnover, firm size and firm value in the property and real estate sector. The research indicates that capital structure, working capital turnover, and firm size influence firm value. In contrast to the Unilever article, the discussion of firm value is not conducted via share price or Price to Book Value, but through EVA. Consequently, firm value in the Unilever article is assessed from the perspective of the firm's ability to generate economic value added, rather than directly through market perception.

D. A Discussion of the Cost of Capital, Cost of Debt and Taxation in EVA Analysis

The most critical component in the EVA calculation is the cost of capital. In the Unilever article, the WACC is calculated by taking into account the proportion of debt, the cost of debt, the proportion of equity, the cost of equity, and tax. The company's capital structure shows significant changes, particularly in 2025 when the proportion of debt reached 77.64% and the proportion of equity fell to 22.36%. This situation indicates that the company relied more on liability-based financing than equity in that year. This discussion aligns with studies on the cost of capital, which explain that the cost of capital is related to the rate of return required by investors and creditors on the funds used by the company. Research on intellectual capital and managerial ownership indicates

that the cost of capital is influenced not only by the financing structure but also by risk perception, information quality, and the company's ability to manage resources (Supriadi & Aryati, 2022). Thus, the cost of capital in the Unilever article cannot be viewed merely as a technical figure, but also as an indication of financing risk and expected returns. Furthermore, the discussion on the cost of debt is consistent with research on Good Corporate Governance and the cost of debt. This research explains that the cost of debt is the rate of return demanded by creditors on the funds provided to the company (Yani & Indriani, 2023). In the Unilever article, the cost of debt is relatively lower than the cost of equity, but high debt utilisation, still requires attention as it can increase financial risk if not balanced by the ability to generate adequate operating profits. From a tax perspective, the use of debt is also linked to tax benefits on interest expenses. Studies on interest limitation rules explain that interest expenses can be an important instrument in a company's financing structure, as debt interest generally reduces a company's tax liability (Dewantara, 2025). Meanwhile, studies on final tax regression confirm that the effective tax rate can influence the tax burden borne by taxpayers or companies (Prawira, Frans, & Destiana, 2024). Therefore, the Tax component in WACC must be calculated carefully as even minor errors in tax rates, debt costs, or capital proportions can affect the Capital Charge and EVA results.

E. The Key Distinguishing Feature of This Article's Analysis

The main distinction between this article and the comparative sources lies in the subject matter, the time period, and the direction of the analysis. Most of the comparative sources focus on the banking sector, state-owned enterprises, food and beverage companies other than Unilever, or the property sector. This article specifically examines PT Unilever Indonesia Tbk as a consumer goods company with distinct business characteristics, primarily because the company is highly dependent on brand strength, the stability of consumer demand, production cost efficiency, and the ability to maintain profit margins. In terms of the period, this article covers 2020-2025, encompassing both the pandemic and post-pandemic periods. This period differs from several comparative studies that used 2017-2021, 2019-2023, or 2020-2022. This difference in timeframes gives this article a more specific perspective on the conditions of economic recovery following the pandemic. In the context of Unilever, the results indicate that the company is still capable of generating positive EVA, but pressure on profits is causing the creation of added value to continue to weaken. Consequently, the findings of this analysis do not merely state that Unilever's financial performance is sound because of positive EVA. A more accurate analysis is that Unilever is still in a position to create economic value, but the downward trend in EVA signals that the company's effectiveness in generating added value needs to be improved. Therefore, management needs to focus on increasing NOPAT, improving operational cost efficiency, managing capital structure, and ensuring the appropriate use of capital to prevent EVA from continuing to decline in the coming period.

CONCLUSION

Based on the findings, PT Unilever Indonesia Tbk consistently generated positive Economic Value Added (EVA) during the 2020–2025 period, indicating that the company's Net Operating Profit After Tax (NOPAT) remained higher than its Capital Charge. This demonstrates that the company continued to create economic value despite facing changes in its operating performance. However, the continuous decline in NOPAT, from Rp7,407,679 million in 2020 to Rp3,433,149 million in 2024, reduced the gap between NOPAT and Capital Charge, resulting in a gradual decline in EVA. This finding suggests that although the company remained profitable, its ability to create additional value from the capital employed became less efficient over time. If this trend continues, future value creation may weaken unless operating profitability improves or the cost of capital is managed more effectively.

Compared with previous studies, these findings support the view that EVA provides a more comprehensive measure of financial performance than conventional profitability ratios because it incorporates the cost of capital into performance evaluation. The main contribution of this study is to demonstrate that strong market position and accounting profitability do not necessarily guarantee increasing economic value creation. In PT Unilever Indonesia Tbk, declining operating profitability reduced EVA even though the company consistently generated positive economic value. Therefore, EVA offers a more informative basis for evaluating long-term financial performance and the efficiency of capital utilization, particularly in consumer goods companies.

RECOMMENDATIONS

In conclusion, PT Unilever Indonesia Tbk can still be considered capable of generating economic value added; however, these results must be interpreted with caution as the EVA trend is showing a decline. Consequently, management needs to focus more on improving operating profit, cost efficiency, strengthening the capital structure, and controlling capital expenditure to ensure that value creation does not continue to weaken. For investors and stakeholders, these results indicate that Unilever's performance remains economically positive, but requires strategic attention to ensure that the value added generated can increase again in the coming period.

For the management of PT Unilever Indonesia Tbk, it is recommended to improve operational cost efficiency and balance the capital structure between debt and equity, given that a high debt ratio has the potential to increase the cost of capital. These steps are important to reduce the WACC and ensure that EVA can continue to grow sustainably.

For investors, these results should be taken into consideration while the company's economic performance remains positive, it requires closer monitoring given the declining EVA trend. Meanwhile, future researchers are encouraged to complement EVA analysis with Market Value Added (MVA) or Financial Value Added (FVA) and compare the results with peer companies in the FMCG sector. This approach is intended to provide additional perspectives on market valuation and comparative performance rather than to replace the EVA analysis conducted in this study.

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