SPRINGATE S-SCORE MODEL ANALYSIS BEFORE CORPORATE MERGER AND ACQUISITION: A STRATEGY EXECUTION FOR PT. WASKITA KARYA, TBK

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ABSTRAK

Para pemimpin dan pemilik bisnis ingin menghindari masalah keuangan karena dapat menyebabkan kebangkrutan. Untuk meneliti kondisi keuangan PT.Waskita Karya Tbk dari tahun 2019 hingga 2023, penelitian ini menggunakan data rasio keuangan dan nilai S-Score. Hasil menunjukkan penurunan kinerja perusahaan yang signifikan selama periode tersebut, dengan masalah keuangan yang muncul pada tahun 2019 dan meningkat hingga 2023. Meningkatnya kemungkinan kebangkrutan terkait dengan penurunan parameter keuangan seperti profitabilitas, efisiensi, leverage, likuiditas, dan S-Score. Salah satu strategi penyelamatan yang disarankan adalah evaluasi strategi keuangan, penerapan tindakan pengendalian utang yang lebih baik, pembuatan rencana pemulihan keuangan, kolaborasi dengan spesialis keuangan, dan peningkatan pengawasan dan pemantauan keuangan. Selain itu, merger dan akuisisi dengan perusahaan milik negara lain yang memiliki kinerja keuangan yang baik, seperti PT Hutama Karya, dapat menjadi pilihan alternatif. Dengan mengikuti rekomendasi ini, organisasi diharapkan dapat memperbaiki keuangan mereka dan mengurangi kebangkrutan di masa depan.

ABSTRACT

Financial distress is a situation that leaders and owners of firms want to evade, as it is a precursor to insolvency. This study employed financial ratio data and S-Score values to analyze the financial state of PT.Waskita Karya Tbk from 2019 to 2023. The data demonstrate a notable deterioration in the company's performance throughout that timeframe, with financial challenges commencing in 2019 and intensifying until 2023. The escalating likelihood of bankruptcy is linked to a decline in financial parameters such as efficiency, leverage, liquidity, and profitability, as well as a reduced S-Score. Suggested actions including reassessing the financial strategy, adopting improved debt control measures, formulating a plan for financial recuperation, partnering with financial specialists, and strengthening financial supervision and performance tracking, then merger and acquition with other Stated Owned Enterprises with excellent financial performance such as PT. Hutama Karya could an alternative salvation strategy . By applying these suggestions, organizations are anticipated to enhance their financial situation and mitigate the likelihood of bankruptcy in the future.

Springate S-Score Model Analysis Before Corporate Merger And Acquisition: A Strategy Execution For PT. Waskita Karya, TBK By Syukron Sazly[1], Dirgahayu Erri [2], Indra Prana[3], Intan Kusuma Dewi[4]

INTRODUCTION

The State-Owned Enterprise Agency (BUMN) serves as a critical entity in the Indonesian economy, tasked with strategic objectives aimed at facilitating national development and enhancing societal welfare. With a diversified portfolio, BUMN operates across pivotal sectors including energy, infrastructure, telecommunications, and manufacturing, thereby becoming a fundamental pillar of the country's economic framework and a significant contributor to its development. However, the assessment of BUMN's success extends beyond financial metrics alone. The establishment of these enterprises underscores the government's commitment to improving public services, promoting local industries, and creating employment opportunities for millions of Indonesians. Through strategic initiatives and deliberate investments, BUMN plays a vital role in laying the foundation for a robust and sustainable economic future for the Indonesian people, emphasizing local economic empowerment, technical innovation, and social responsibility in the process.

Several State-Owned Business Agencies (SBIs) play pivotal roles in infrastructure and property development within Indonesia. Among these are Adhi Karya (Persero) Tbk, Wijaya Karya, Housing Development, and Waskita Karya. These entities undertake significant endeavors in constructing infrastructure, housing, and property projects, which are crucial for the nation's progress. PT Adhi Karya (Persero) Tbk specializes in the construction and infrastructure development industry, focusing on toll highways, bridges, railway stations, and other infrastructure projects. Similarly, PT Wijaya Karya (Persero) Tbk is actively involved in the construction and infrastructure sectors, contributing to transportation infrastructure development such as roads, bridges, ports, and related projects. These entities have made substantial contributions to enhancing public infrastructure, improving inter-city connectivity, and expanding access to essential services, thus driving Indonesia's development agenda forward.(Dionisio Damara, 2024)

In the first quarter of 2024, Housing Development (Persero) Tbk (PTPP) reported a 5.6% increase in business sales and a significant 176.4% surge in net profit compared to the previous year. Conversely, PT Adhi Karya Tbk (ADHI) experienced a slight decline in business revenue but managed to enhance its net profit by 20.14% during the same period, demonstrating strong operational efficiency. However, PT Wijaya Karya (WIKA) and PT Waskita Karya (Persero) Tbk (WSKT) witnessed significant financial losses during the first quarter of 2024. WIKA's net income decreased by 18.75%, while WSKT's company sales

declined by 20.27%, highlighting the importance of monitoring cash flow to mitigate financial risks. (www.cnnindonesia.com.)

From January 2023 to the present, the stock performance of BUMN construction issuers has displayed notable fluctuations. PT Jasa Marga Tbk (JSMR) exhibited impressive performance and investment potential, evidenced by its 59.06% share price gain. Conversely, PT Wijaya Karya Tbk (WIKA) experienced the largest decrease in share price, with a substantial loss of 70%. This decline, along with similar trends observed in other issuers like PT Wijaya Karya Beton (WTON) and PT Waskita Karya Tbk (WSKT), underscores the challenges these entities are currently facing. Investors need a profound understanding of the factors influencing the performance of these equities to make informed investment decisions and manage financial risks effectively.

Peringkat	Nama Perusahaan	Performa Saham (Year to date/Ytd)
1.	PT Jasa Marga Tbk - JSMR	59,06%
2.	PT Wijaya Karya Beton Tbk - WTON	- 42,93%
3.	PT Waskita Karya Tbk - WSKT	- 43,89%
4.	PT Adhi Karya Tbk - ADHI	- 35,12%
5.	PT PP Tbk - PTPP	- 35,38%
6.	PT PP Properti Tbk - PPRO	- 60,94%
7.	PT Wijaya Karya Tbk - WIKA	- 70%

Figure 1. Share Performance of State Ownerd Infrastructure companies 2024

Source : Katadata.com

Currently, PT Waskita Karya Tbk (WSKT) is actively engaged in the building of 12 projects in the Nusantara capital (IKN) until 2024, with a total contract value of Rs 13.6 trillion. So far, the organization has finished two projects: Segment 4 Circuit Circuit Road, which spans 4.45 kilometers and connects roadways to the IKN Central Government Area (KIPP), and the Multi-Utility Tunnel-01. The development progress for 10 further projects has exhibited varying rates, ranging from 5% to 84%. WSKT's engagement in supporting essential infrastructure and development of strategic locations such as IKN demonstrates its active dedication to offering innovative and high-quality infrastructure solutions. (Dionisio Damara, 2024)
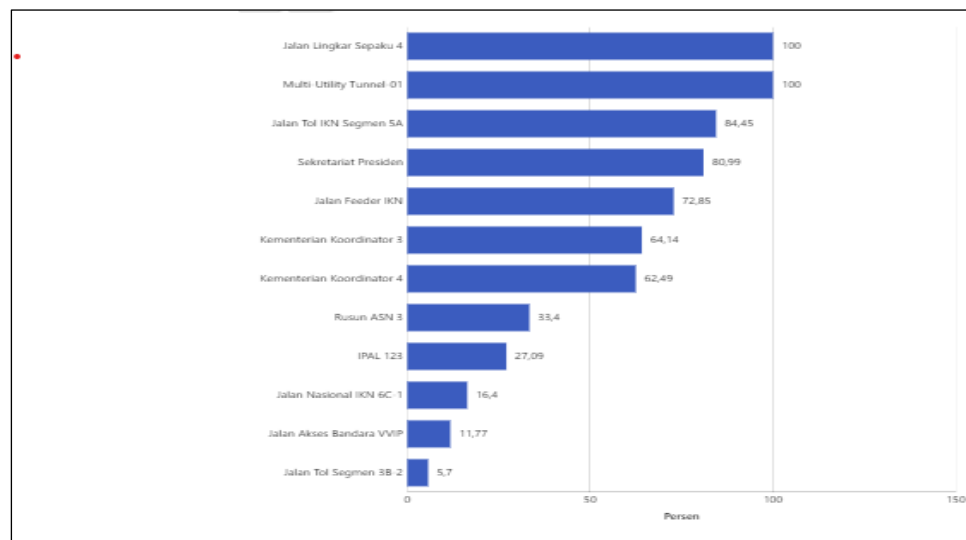
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Figure2. Waskita Karya IKN Projects Realization 2024

Source : Katadata.com

PT Waskita Karya Tbk (WSKT) is taking significant measures to improve its performance and avoid the possibility of its shares being delisted from the Indonesian Stock Exchange (BEI) by 2024. One crucial step being undertaken is the finalization of the Master Restructuring Agreement (MRA), which is expected to garner support from bondholders and signify progress in corporate restructuring. Additionally, WSKT is proposing to implement flexibility in cash management, particularly in terms of acquisition collections, with the primary aim of ensuring the company's financial sustainability. As of now, the restructuring process has received written consent from 17 out of the 21 bank creditors, while the remaining 4 banks are undergoing internal division committee deliberations.

It is anticipated that all banks will be able to authorize the term sheet filed by January, leading to the conclusion of the MRA (Master Regulatory Agreement). Waskita Karya has set a new target of achieving a contract value of Rp. 17 trillion by 2024. This objective forms part of their recovery strategy, which involves reverting to traditional contracts that entail upfront and monthly payments. The goal is to improve cash flows and ensure the continued viability of ongoing projects.

The Ministry of Finance has stated that the financial risk posed by state-owned enterprises' (BUMN) infrastructure debt to red-plate banks in the upcoming year is reasonably low. The assignment of infrastructure development to BUMNs has resulted in increased corporate indebtedness, with BUMNs frequently resorting to borrowing or issuing new debt instruments. Risk assessment utilizes the Altman Z-Score to forecast BUMNs'

capacity to meet obligations to creditors, while banking financial risk is quantifiable through monitoring financial performance and default indicators. While BUMN infrastructure-related financial risks are generally considered relatively secure, many still require government assistance.(Dionisio Damara, 2024)

While the government assesses the risk of default and bankruptcy using the Altman Z-Score, researchers have explored using Springate Analysis due to its advantages over the Altman Z-Score. The Springate model evaluates financial characteristics, including liquidity, profitability, leverage, and activity, to provide ratings predicting the likelihood of bankruptcy. Subsequently, scores are assessed against a threshold to determine if the firm is at risk of bankruptcy. Within WSKT's framework, Springate's analytical outcomes can offer valuable insights into the financial health of the corporation and assist stakeholders in identifying measures to mitigate the risk of bankruptcy, such as debt restructuring, enhancing operational efficiency, or diversification.

THEORITICAL REVIEW

Financial Distress

The articles supplied illustrate the severe financial difficulties that firms, especially those in the hotel industry, are experiencing amid the Covid-19 crisis. This dire circumstance occurs when a company's revenue experiences a substantial decrease, requiring more finances to prevent insolvency. The forecast presented in the article suggests that around 25% of hospitality organizations may face financial challenges, namely regarding solvency, when their total assets are inadequate to satisfy all their commitments. It is anticipated that the main victims of this crisis will be small-scale firms, which make up around 11% of the industry's workforce. Financial turmoil can impede up to 32% of firms, highlighting the intensity of this crisis, as seen by an 80% reduction in income (Crespí-Cladera et al., 2021).

When evaluating financial distress, many indicators such as profitability ratio, liquidity ratio, and leverage ratio are used as predictive measures, in addition to aspects like firm size and free cash flow. These variables offer vital information on the fiscal well-being of a firm and the possible obstacles it can encounter in the future. Profitability, liquidity, leverage, firm size, and free cash flow are key factors in determining a company's financial resilience and its susceptibility to financial crises. (Lestari et al., 2021). Financial distress is the deterioration of financial situations that occurs before bankruptcy or liquidation, as explained in one of the articles. Typically, it begins with an increase in liquidity pressure, which

then evolves into a situation where declining assets render a company unable to meet its financial obligations, ultimately leading to bankruptcy. Internal variables that contribute to financial crises encompass heightened levels of debt, operating losses, limitations in cash flow, and business strategy.

Moreover, the process of making decisions by managers and the flaws in management can worsen financial difficulties, emphasizing the intricate nature of its causes. (Liahmad et al., 2021). The papers also highlight the significance of external variables and mechanisms in reducing the expected effects of a financial crisis. Possible measures to reduce the impact include utilizing off-balance sheet financial resources like credit lines, implementing short-term cost-cutting initiatives, and seeking government intervention. External interventions play a vital role in enhancing the ability of enterprises to withstand and recover from difficult economic conditions. These interventions serve as an essential support system for businesses that are at risk of failing owing to financial crises. (Yazdanfar & Öhman, 2020)

Springate Model

The Springate model, developed by Gordon L. V. Springate, is utilized as a predictive tool for determining the likelihood of bankruptcy or financial hardship in firms. In contrast to the Altman Z-Score model, which depends on a multitude of financial statistics, the Springate Model utilizes simpler and more easily obtainable data. The main advantage of this method over the Altman Z-Score is its simplicity and clarity in terms of application and understanding. The Springate Model may be easily adopted in all sorts of firms by using fewer variables and without the need for unnecessary specific information. Moreover, the simplicity of this methodology makes it particularly appropriate for small and medium-sized businesses, in contrast to the more intricate Altman Z-Score model (Sethi et al., 2024).

Model is utilized to forecast financial distress and identify companies that are likely to experience financial difficulties in the future. The main benefit is in its capacity to offer precise forecasts and aid in the implementation of essential preventative or corrective actions to avert financial hardships. The Springate approach use Multiple Discriminant Analysis (MDA) to forecast the viability of a firm by including several financial parameters with varying weights. This approach includes variables such as net capital and total assets, gross profit before interest and taxes (EBIT), total assets, EBIT, and total current liabilities, as well as sales and total assets. The Springate Score methodology classifies organizations into three categories: healthy, vulnerable, and critical (bankrupt) circumstances, based on computed scores. This approach is employed to evaluate the extent of financial hardship and forecast

insolvency in a corporation (Supitriyani).

Tahu (2019) conducted a research where eight organizations were chosen as samples to forecast financial difficulty using the Springate Model and the Altman Model. The research findings suggest that the Springate Model has a 62.5% accuracy rate, with a 37.5% type mistake rate. In contrast, the Altman Model only exhibits a 50% accuracy rate, with a 50% type error rate. The Springate Model's ability to anticipate financial trouble is more efficient and effective than the Altman Model, as demonstrated by Supitriyani. . In summary, the Springate Model provides a straightforward yet effective method for evaluating the likelihood of financial difficulties, making it a valuable resource for stakeholders across several sectors. Many analysts and investors enjoy using it because to its ability to offer precise predictions with fewer variables and its straightforward interpretation.(Lestari et al., 2021). The model that Springate produces is as following:

$$S = 1.03\ A + 3.07\ B + 0.66\ C + 0.4\ D$$

where:

A = Working Capital/Total Assets

B = Earnings Before Interest and Taxes (EBIT)/Total Assets

C = Income before Tax (EBT)/Total current liabilities

D = Sales/Total Assets

S = Overall Index

The ratio A, often known as working capital to total assets, measures the level of liquidity in the firm. The greater the amount of working capital acquired by the company in proportion to its total assets, the higher the value of working capital in comparison to its total assets. Net working capital refers to the amount of working capital that is actually used, and it is calculated by subtracting current liabilities from current assets. The RatioB Ratio represents the relationship between Earnings Before Interest and Taxes (EBIT) and Total Assets. This ratio calculates the rate of return on assets, or profitability, by comparing EBIT (earnings before interest and taxes) to the total assets shown on the company's balance sheet at the end of the accounting period..(Suwandani & Nuzula, 2017)

The EBT to Total Current Liabilities, often known as the C Ratio, measures a company's ability to repay its short-term debt. The EBT to total current liabilities ratio is used to calculate it. This ratio is beneficial for the firm's management in assessing the amount of income available, after deducting interest, to repay existing short-term debt. The activity ratio

that compares net sales to total assets is referred to as ratio D (sales to total assets) or total asset turnover. This ratio evaluates the efficiency of the organization in utilizing its total assets to create both revenue and sales. (Suwandani & Nuzula, 2017). The threshold for the Springate S-score in this model is 0.862. A S-Score below 0.862 suggests that the firm is expected to face financial trouble, while an S-Score over 0.862 implies that the company is currently experiencing financial distress. The Springate S-Score Model demonstrates a forecasting accuracy rate of 92.5% in predicting financial difficulty. Other research have revealed that the Springate S-Score Model has a high level of accuracy, with a 90% accuracy rate in predicting financial difficulty.(Tahu, 2019).

RESEARCH METHODS

Merriam and Tisdell (2016), a case study is a detailed descriptive research approach that explores the real-life context of complex phenomena. This approach enables researchers to investigate phenomena in a holistic and in-depth manner, acquiring a profound understanding of the dynamics involved in the studied cases. Furthermore, Creswell (2018) highlights that case studies involve the investigation of phenomena in real-life contexts using various sources of data. These definitions emphasize that a case study requires a detailed analysis of a specific case or situation in order to have a comprehensive understanding of the studied phenomenon.

On the other hand, according to Baxter and Jack (2008), a case study is an in-depth investigation of a specific case or situation in a real-life context, with the aim of understanding complex phenomena.

Thomas (2011) defines a case study as a research approach that is focused and detailed, requiring in-depth analysis of one or more cases in a real-life context. Hancock and Algozzine (2016) further emphasize that case studies involve investigating single or several cases in real-life situations, with the primary goal of understanding complex phenomena. Thus, these definitions highlight the significance of case studies in understanding the context and dynamics involved in the studied situations, as well as emphasizing in-depth analysis to achieve comprehensive understanding. The research undertaken is a case study of PT Waskita Karya, Tbk. The research conducted is quantitative in nature, employing a descriptive technique due to the numerical format of the study data. Descriptive research involves the collection, analysis, interpretation, and drawing of conclusions from data. Its

purpose is to present current facts, situations, variables, and phenomena as they are, without any attempt to influence or control the research subject. (Gunawan & Debbianita, 2022)

RESULTS AND DISCUSSION

Financial Performance of PT Waskita Karya, Tbk.

The financial report for the year 2022-2023 indicates a change in the composition of the company's assets from 2022 to 2023. By the end of 2023, the company's total assets reached 95.595 trillion, slightly lower than the previous year's total assets of 98.232 trillion. However, there was a decrease in net inventory from 4.283 trillion to 4.192 trillion. The illiquid assets also saw changes, with an increase in investments in associate entities and joint ventures, but a decrease in net fixed assets. Overall, despite a decrease in total assets, the changes in asset composition indicate a shift in the financial structure of the company from 2022 to 2023.

	Catatan/ Notes	31 Desember/ December 31, 2023
ASET		
ASET LANCAR		
Kas dan setara kas	5, 57, 61	1.340.065.112.240
Bank yang dibatasi penggunaannya	5, 61	6.696.167.060.090
Investasi jangka-pendek	6	8.448.200.000
Piutang usaha - bersih		
Pihak berelasi	7, 57	1.128.731.788.636
Pihak ketiga	7	521.591.791.974
Piutang retensi - bersih		
Pihak berelasi	9, 57	1.213.958.889.589
Pihak ketiga	9	276.308.727.097
Piutang lain-lain lancar - bersih		
Pihak berelasi	10, 57	969.400.717.289
Pihak ketiga	10	52.759.431.675
Piutang ventura bersama	8, 57	360.741.426.135
Persediaan - bersih	11	4.192.464.528.137
Tagihan bruto kepada pengguna jasa - bersih		
Pihak berelasi	12, 57	3.322.024.421.101
Pihak ketiga	12	1.174.684.646.350
Aset keuangan atas proyek konsesi		
Bagian lancar	23	30.382.221.195
Pajak dibayar dimuka	13a	621.103.612.176
Uang muka dan biaya dibayar dimuka	14	811.102.644.464
Jumlah Aset Lancar		**22.721.935.218.148**
ASET TIDAK LANCAR		
Investasi pada entitas asosiasi dan ventura bersama	15	2.323.013.265.928
Piutang lain-lain tidak lancar - bersih		
Pihak berelasi	10, 57	8.850.420.182.701
Properti investasi	16	317.540.434.513
Investasi jangka panjang lainnya	17	869.738.189.820
Aset tetap - bersih	18	5.007.639.998.795
Aset hak guna - bersih	19	26.419.477.533
Goodwill	20	4.025.903.165.936
Aset tak berwujud		
Hak pengusahaan jalan tol	22	49.392.544.270.327
Aset keuangan atas proyek konsesi	23	213.771.102.177
Aset pajak tangguhan	13d	14.103.253.810
Aset lain-lain	21	1.832.868.898.279
Jumlah Aset Tidak Lancar		**72.873.962.239.819**
JUMLAH ASET		**95.595.897.457.967**

*) Direklasifikasi (Lihat Catatan No. 61)

Figure 3. PT Waskita Karya,Tbk Financial Report Year 2023

Source : PT Waskita Karya,Tbk

From 2022 to 2023, there were several changes in its liability and equity structure. By the end of 2023, the company's total liabilities reached 83.994 trillion, which is about the

same as the total liabilities in the previous year, amounting to 83.988 trillion. This indicates the relative stability in the company's liability structure throughout that era. However, there has been a shift in the composition of liabilities, with an increase in long-term liabilities from 62.856 trillion in 2022 to 61.156 trillion in 2023. This may indicate that the company relies more on long-term funding sources to support its operations. On the other hand, there was a decrease in short-term liabilities from 21.132 trillion in 2022 to 22.838 trillion in 2023. This might reflect management's policy to reduce dependence on short-term financing.

Figure 4. PT Waskita Karya,Tbk Financial Report Year 2023

From the analysis of the company's equity at the end of 2023, several interesting changes can be observed. Firstly, the fully paid-up issued share capital remains stable at 2,880.68 trillion, comprising of dual-colored Series A shares and Series B shares. The additional capital injection remains stable at 13.565,91 trillion, indicating the confidence and additional investment from the company owners. Secondly, there is a significant change in the profit and loss balance. The undetermined use of the loss balance increased from 9,940.24

trillion to 13,710.68 trillion. Thirdly, other comprehensive income had a decline from 867.40 trillion to 820.27 trillion. This might be the result of fluctuations in investment values or foreign currency exchange rates, which need to be included in the company's risk analysis.

Overall, the total equity attributable to the owners of the company had a significant decrease from 9,099.35 trillion to 5,281.78 trillion, while non-controlling interests increased from 5,145.34 trillion to 6,319.73 trillion. This indicates a shift in the ownership structure of the company, which may reflect the company's strategy in managing the balance between the interests of owners and non-owners.

Figure 5 PT Waskita Karya,Tbk Financial Report Year 2023

Source : PT Waskita Karya,Tbk

Based on the presented financial report, it is evident that the company saw a significant decline in operating revenue, dropping from 15.30 trillion to 10.95 trillion at the end of 2023. Similarly, the cost of revenue decreased from 13.85 trillion to 10.10 trillion, resulting in a lower gross profit from 1.45 trillion to 851.73 billion. This indicates the possibility of a decline in business activity or worse cost management efficiency. The operational burden also demonstrates a significant increase, particularly in sales expenses and general and administrative expenses, both of which experienced an increase from the previous year. However, the interest income increased from 1.15 trillion to 963.45 trillion, while the profit from exchange rate differences also increased. However, this increase is insufficient to offset

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the decline in business revenue and gross profit, resulting in a significant decrease in pre-tax and net profit of associated entities and joint ventures from 1.97 trillion to 924.57 billion.

Ultimately, the company had a significant net loss of 4.02 trillion in 2023, up from 1.67 trillion in the previous year. This is mostly due to a decrease in business revenue and gross profit, as well as an increase in operational expenses. Although there has been an increase in interest income and profit from exchange rate differences, this is insufficient to offset the impact of the decline in the company's core activities. Therefore, the company may need to evaluate its operational and financial strategies in order to improve performance in the future.

	Catatan/Notes	2023
PENDAPATAN USAHA	43, 57	10.954.693.035.464
BEBAN POKOK PENDAPATAN	44	(10.102.963.894.584)
LABA BRUTO		851.729.140.880
BEBAN USAHA		
Beban penjualan	45	(128.089.156.461)
Beban umum dan administrasi	45	(1.727.299.510.675)
Beban - non contributing plant	46	(352.828.968.951)
Beban pajak final	13e	(181.825.097.218)
Pendapatan bunga		963.453.525.396
Keuntungan selisih kurs - bersih		4.145.770.269
Pendapatan lain – lain - bersih	47	1.495.283.506.182
LABA SEBELUM BEBAN KEUANGAN DAN LABA (RUGI) BERSIH ENTITAS ASOSIASI DAN VENTURA BERSAMA		924.569.219.422
Beban keuangan	48	(4.419.902.764.987)
Bagian laba (rugi) bersih Entitas asosiasi dan ventura bersama	49	(280.250.727.461)
RUGI SEBELUM PAJAK		(3.775.584.273.026)
Beban pajak penghasilan	13c	(242.680.737.677)
RUGI BERSIH TAHUN BERJALAN		(4.018.265.010.703)
PENGHASILAN (BEBAN) KOMPREHENSIF LAIN		
Pos-pos yang tidak akan direklasifikasi ke laba rugi		
(Defisit) surplus revaluasi aset tetap - bersih		28.165.199.715
Pengukuran kembali program Imbalan pasti - bersih		(75.458.199.429)
Pos-pos yang akan direklasifikasi ke laba rugi		
Selisih kurs penjabaran Laporan keuangan dari kegiatan Operasi luar negeri		66.026.231
Jumlah penghasilan (beban) komprehensif lain tahun berjalan		(47.226.973.483)
JUMLAH RUGI KOMPREHENSIF TAHUN BERJALAN		(4.065.491.984.186)
RUGI BERSIH TAHUN BERJALAN YANG DAPAT DIATRIBUSIKAN KEPADA:		
Pemilik perusahaan		(3.770.396.430.342)
Kepentingan nonpengendali	50	(247.868.580.361)
RUGI BERSIH TAHUN BERJALAN		(4.018.265.010.703)
JUMLAH RUGI KOMPREHENSIF YANG DAPAT DIATRIBUSIKAN KEPADA:		
Pemilik perusahaan		(3.817.520.796.974)
Kepentingan nonpengendali	50	(247.971.187.212)
JUMLAH RUGI KOMPREHENSIF TAHUN BERJALAN		(4.065.491.984.186)
Rugi per Saham Dasar	51	(130,89)

Figure 6. PT Waskita Karya,Tbk Financial Report Year 2023

Source : PT Waskita Karya,Tbk

Financial Distress Analysis of PT. Waskita Karya,Tbk

To assess the financial performance of PT. Waskita Karya,Tbk using the Springate S-Score Model, a formula with several dimensions is required. The Springate S-Score Model is a financial research approach that utilizes many financial characteristics to forecast a company's likelihood of becoming insolvent. According to the Springate S-Score Model, the probability of bankruptcy lowers as the S-Score value increases, indicated by figure 7 below;

Dimension		Weight	S-Score
A	0,032746	1,03	0,033729
B	0,04274	3,07	0,131212
C	0,02951	0,66	0,019477
D	0,256037	0,4	0,102415
			0,286832

Figure 7 Springate S-Score PT. Waskita Karya,Tbk Year 2019

Source : Empirical Research

With a Springate S-Score of 0.286832 in 2019, there is a significant indication of bankruptcy risk for PT. Waskita Karya, Tbk. Although the S-Score value does not directly indicate bankruptcy, a low value indicates financial problems that require serious attention, with the potential for significant impact on the company's operational continuity and financial stability. Therefore, it is necessary for the company to identify and address underlying risk factors, as well as implement appropriate improvement measures to ensure sustainability and sustainable growth.

Dimension		Weight	S-Score
A	-0,14868	1,03	-0,15314
B	-0,0411	3,07	-0,12617
C	-0,2017	0,66	-0,13312
D	0,153335	0,4	0,061334
			-0,35109

Figure 8 Springate S-Score PT. Waskita Karya,Tbk Year 2020

Source : Empirical Research

PT. Waskita Karya, Tbk saw a significant decline in financial performance in 2020, as indicated by the Springate S-Score of -0.35109. This is a notable decrease compared to the previous S-Score in 2019, which reached 0.286832. The decrease in S-Score from positive to negative indicates a significant deterioration in the financial condition of the company over the last year. This indicates the presence of a serious problem that affects the financial stability of the company, and demands urgent measures for addressing the challenges faced and restoring the company's financial performance to a healthy level.

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Dimension		Weight	S-Score
A	0,147568	1,03	0,151995
B	0,039339	3,07	0,12077
C	-0,03979	0,66	-0,02626
D	0,117992	0,4	0,047197
			0,293702

Figure 9 Springate S-Score PT. Waskita Karya,Tbk Year 2021

Source : Empirical Research

The Springate S-Score for 2021 has increased significantly to 0.293702, showing a considerable improvement compared to the score of -0.35109 in 2020. The transition from a negative to a positive score signifies a notable improvement or stability in the financial performance of PT. Waskita Karya, Tbk during the previous year. The upward trajectory implies that the organization may have effectively executed remedial actions or strategic endeavors to tackle the concerns that resulted in the unfavorable rating in 2020. This suggests that there may still be unresolved financial difficulties or opportunities for additional development in the company's financial well-being. To maintain and further develop this favorable trend, it is essential to continue monitoring and actively managing financial aspects.

Dimension		Weight	S-Score
A	0,121929	1,03	0,125586748
B	0,020038	3,07	0,061516483
C	-0,05784	0,66	-0,038172547
D	0,155782	0,4	0,062312986
			0,21124367

Figure 10 Springate S-Score PT. Waskita Karya,Tbk Year 2022

Source : Empirical Research

By comparing the S-Score of the current year with the one from 2021 (0.293702), it is evident that there has been a decline in the S-Score for the present year. This indicates a possible decline in the financial state of PT. Waskita Karya, Tbk as compared to the previous year. Nevertheless, given the absence of knowledge regarding the precise threshold for financial distress, it is impossible to definitely determine if the organization is presently undergoing financial hardship. To get a thorough evaluation of the company's financial well-being and distress state, additional examination of various financial indicators and contextual elements is required.

Dimension		Weight	S-Score
A	-0,001218742	1,03	-0,001255304
B	0,009671641	3,07	0,029691938
C	-0,165317069	0,66	-0,109109265
D	0,114593757	0,4	0,045837503

			-0,034835128

Figure 11 Springate S-Score PT. Waskita Karya,Tbk Year 2023

Source : Empirical Research

At figure 11. with an S-Score of -0.034835128 for the present year, there is a discernible decline in the S-Score when compared to 2022. This indicates a possible deterioration in the financial state of PT. Waskita Karya, Tbk in comparison to the subsequent year. Nevertheless, given the absence of knowledge regarding the precise threshold for financial distress, it is impossible to definitely ascertain if the organization is presently undergoing financial hardship. To obtain a thorough evaluation of the company's financial well-being and distress situation, more examination of various financial indicators and contextual elements is required.

CONCLUSION AND RECOMMENDATIONS

The examination of PT. Waskita Karya, Tbk's financial performance utilizing the Springate S-Score Model uncovers a tumultuous trajectory characterized by oscillations in stability across the years. The company's condition deteriorated dramatically in 2020, following initial symptoms of trouble in 2019. This is evident from the negative S-Score, which indicates a heightened chance of bankruptcy. Nevertheless, a noteworthy rebound was witnessed in 2021, indicating enhanced financial stability. Regrettably, the initial surge of positivity was brief, as future years had a decrease in ratings, signaling a resurgence of financial instability. The variations emphasize the need for ongoing monitoring and planned intervention to reduce risks and maintain the company's long-term sustainability.

PT. Waskita Karya, Tbk continues to suffer ongoing difficulties in sustaining its financial well-being and stability, notwithstanding occasional advances. The fluctuating S-Scores demonstrate the ever-changing financial environment of the organization, requiring quick and adaptable actions to minimize risks and take advantage of possibilities. In order to deal with these uncertainties, it is crucial to take proactive steps such as conducting thorough financial evaluations, implementing risk mitigation methods, and engaging in strategic planning. Additionally, maintaining open and clear communication with stakeholders and obtaining expert advice may enhance the process of making well-informed decisions and bolster the company's ability to withstand future obstacles, eventually promoting long-term growth and stability.

Given the financial difficulties experienced by PT. Waskita Karya, Tbk, the possibility of merging or acquiring PT. Hutama Karya, Tbk might be a practical solution to solve the

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company's existing circumstances. A merger or acquisition might provide several potential advantages. Firstly, collaborating with another organization can result in synergistic effects, such as cost reductions achieved via economies of scale, improved operational efficiency, and heightened market competitiveness. Moreover, the availability of Hutama Karya's resources, knowledge, and market presence might offer Waskita Karya the essential assistance to overcome its financial challenges and enhance its overall performance. Moreover, a merger or acquisition has the potential to enhance the market positions of both firms, resulting in a stronger and more resilient organization that can better withstand industry setbacks and pursue development prospects with greater effectiveness. Nevertheless, it is essential to perform comprehensive due diligence to examine the compatibility of both organizations, discover possible synergies, and assess the risks linked to the merger or acquisition.

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