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Analysis of Corporate Financial Performance with Economic Value Added (EVA) Method: Case Study on PT Adhi Karya and PT Waskita Karya Listed on the Indonesia Stock Exchange (Period 2017-2022)

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ABSTRACT

This study aims to analyze the financial performance of two large construction companies in Indonesia, both state-owned enterprises (BUMN), namely PT Adhi Karya and PT Waskita Karya. The method used in analyzing the performance of both companies is EVA, or Economic Value Added. Through the EVA results, the author can analyze the financial performance of both companies to determine whether they can continue to operate and carry out construction in the future.

Keywords: *Development; Financial Performance; EVA (Economic Value Added) Method and Company.*

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RESEARCH BACKGROUND

Sustainable development is continuously pursued as a means to improve societal welfare and empower communities, addressing both current and future needs. Development initiatives are not solely the result of government efforts to enhance public welfare but are also driven by societal demands characterized by diverse mobility patterns, needs, and lifestyles across various social strata.

These development efforts are often implemented through business entities, whether managed by individuals or government institutions. Such entities generally aim to achieve several objectives: generating optimal profits, increasing shareholder wealth, and ultimately maximizing corporate value, which is reflected in the market price of their shares.

The attainment of these objectives requires the evaluation of a company's financial performance to determine its operational efficiency and overall success. Financial performance refers to the analytical process used to measure how effectively a company adheres to its financial policies and procedures. A financially sound company is typically able to operate efficiently, provide fair compensation to its employees, and contribute to both corporate sustainability and employee welfare by ensuring that basic needs are adequately met (Fahmi, 2012).

Information obtained from financial performance analysis plays a crucial role in supporting decision-making for both internal and external stakeholders. Internally, management relies on this data to assess historical performance and formulate future strategic plans. Externally, particularly for investors, financial performance serves as a key indicator for determining the feasibility and attractiveness of potential investments (Maryanti & Fithri, 2017).

Among various methods used to assess financial performance, the Economic Value Added (EVA) method is considered the most effective for evaluating PT Adhi Karya and PT Waskita Karya. Based on comparative analyses of previous studies, the author concludes that EVA provides a more accurate assessment compared to the Balanced Scorecard and Common Size analysis methods. Although companies frequently utilize financial ratio analysis—including liquidity, activity, leverage, profitability, and market ratios—these approaches have certain limitations. One notable drawback is the difficulty stakeholders face in determining which ratios are most relevant and representative of performance (Dewi, 2017).

The selection of PT Adhi Karya and PT Waskita Karya for this study is based on their critical role in infrastructure development across major cities, particularly Jakarta, with the ultimate objective of enhancing the community's quality of life. A comprehensive analysis of their financial performance is therefore necessary to assess their current financial condition and anticipate future strategic actions. Corporate sustainability is largely dependent on financial performance. This study examines the period 2017–2022, covering the pre-pandemic, pandemic, and post-pandemic phases.

LITERATURE REVIEW

Financial Performance

Performance refers to a set of actions undertaken to achieve predetermined objectives, typically measured by comparing outcomes against established benchmarks (Sochib, 2016). In other words, performance reflects how effectively a process or system functions, which is

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evaluated by comparing current outcomes with previous results to determine whether there has been improvement or deterioration.

According to Anton Trianto, citing Jumingan, financial performance describes the financial condition of a company over a specific period, encompassing the processes of mobilizing and allocating funds. It is generally assessed using indicators such as capital adequacy, liquidity, and profitability (Robiansyah et al., 2022).

Financial Management

Financial management is commonly defined as the process of managing financial resources through efficient fundraising and effective investment activities (Bayuseno & Windiani, 2020). Essentially, financial management concerns how a company utilizes its available funds, develops them through various investments, and enables the capital to circulate to generate profits.

Financial management encompasses all organizational financial activities, including planning, budgeting, auditing, managing, controlling, financing, and safeguarding assets. These activities must be carried out efficiently to achieve the company's primary objectives (Ittaqullah et al., 2020). As previously noted, financial management is not limited to profit maximization but involves a comprehensive set of internal functions that serve as the foundation for sustaining organizational operations through sound financial governance.

Financial Statements

According to the Indonesian Financial Accounting Standards Oladokun et al. (2015), financial statements constitute an integral component of financial reporting (Sujarweni, 2017). In other words, they are systematic records that present a company's financial position in a complete and accurate manner. A full set of financial statements generally consists of a balance sheet, income statement, and statement of changes in financial position (e.g., cash flow statement or fund flow statement) (Sujarweni, 2017). These statements document financial transactions such as debits, credits, interest payments, and other monetary movements, enabling companies to monitor capital allocation and evaluate whether these allocations have generated profits or losses.

Financial statements provide stakeholders with insight into a company's present and future financial health. Their primary purpose is to indicate whether management decisions have been financially sound (Kasmir, 2017). By conducting financial statement analysis across multiple periods, stakeholders can identify fluctuations in financial performance, which are closely associated with the quality of financial management—well-managed finances are generally correlated with positive financial outcomes.

Profit

Profit represents the surplus of income earned by a company and is considered a fair return for the efforts and sacrifices made during business operations within a given period (Ibhagui & Olokoyo, 2018). For instance, when Company A invests in Company B over the long term and interest rates rise, the invested capital will appreciate proportionately. Investments are not limited to inter-corporate transactions but may also include individual investments in corporate entities.

Murdayanti defines profit as a numerical reflection of the collective performance of all employees within a company, represented by financial figures—specifically, the positive difference between revenues and expenses (Murdayanti, 2017). Hence, revenues and expenses must be calculated carefully to determine actual profitability.

Furthermore, Fatimah argues that profit also involves reallocating earnings from highly profitable periods to less favorable ones to smooth fluctuations (Fatimah et al., 2019). In this context, profits from previous periods may be utilized to offset current losses, thereby preventing a negative EVA outcome and preserving the company's financial performance.

Economic Value Added (EVA)

Economic Value Added (EVA) is a performance measurement tool designed to assess a company's ability to create economic value. EVA is not a strategy, but rather a metric that evaluates whether a firm's operations generate returns exceeding its cost of capital (Suripto, 2015). EVA has been widely adopted by large corporations, such as PT Krakatau Steel Tbk, as illustrated in Dewi's study (Dewi, 2017). Dewi defines EVA as a financial performance metric that incorporates shareholder and creditor expectations by deducting the weighted average cost of capital from after-tax operating profit.

In summary, EVA provides an accurate measure of the value a company creates for its shareholders. A positive EVA indicates that the company has generated returns exceeding its capital costs, while a negative EVA suggests the opposite.

CONCEPTUAL FRAMEWORK

This study utilizes the financial statements of the two selected companies as the primary data source to evaluate financial performance using the EVA method. Financial statements play a critical role in assessing a company's operational outcomes and understanding its economic position. They provide essential information on financial status, cash flows, and other relevant data that can support strategic decision-making. Accordingly, the author seeks to conduct a comprehensive financial statement analysis to evaluate the financial performance of PT Adhi Karya and PT Waskita Karya using the EVA approach.

PT Adhi Karya

PT Adhi Karya is a state-owned enterprise (SOE) that was officially incorporated as a limited liability company on March 11, 1974. In 2004, it became the first construction company to be listed on the Indonesia Stock Exchange. Its corporate vision is to become an innovative and culturally excellent organization with a focus on sustainable growth, adopting the tagline "Beyond Construction." Over the years, PT Adhi Karya has demonstrated consistent reliability in infrastructure development, successfully delivering projects on time and maintaining high quality standards. The company's achievements have also been supported by strong public engagement and positive market perception, which have contributed to smooth project execution.

PT Waskita Karya

PT Waskita Karya originally operated under the name PT Waskita Karya Realty (Persero) before officially becoming a corporate entity on October 16, 2014, following a spin-off from PT Waskita Karya. Since then, PT Waskita Karya has served as the parent company, while PT Waskita Karya Realty has functioned as its subsidiary. The key distinction between the two lies in their focus areas: PT Waskita Karya specializes in construction, whereas PT Waskita Karya Realty operates in property development.

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PT Waskita Karya's corporate vision is to become a leading real estate and property developer, building a sustainable ecosystem that promotes community well-being through long-term development initiatives. Its corporate motto, "Bring Life to You," reflects the company's commitment to delivering value that goes beyond capital management, prioritizing social welfare and inclusive development as part of its business objectives

Research Design

This research employs a quantitative research design. Quantitative research is characterized by the extensive use of numerical data, ranging from data collection to analysis and presentation (Siyoto & Sodik, 2015). Specifically, this study adopts a comparative quantitative approach, as it involves numerical calculations using the EVA method and a comparative analysis of the EVA results for PT Adhi Karya and PT Waskita Karya.

The EVA method requires precise numerical computations based on existing financial data, which are then processed through standardized formulas to obtain valid results. Given its reliance on numerical analysis, this research is grounded in statistical techniques that use exact figures and mathematical models.

The primary objective of this research is to calculate the EVA values for both companies and assess whether these values are positive or negative. Based on these results, the study draws conclusions regarding each company's financial performance. Thus, the central aim of this research is to analyze and evaluate the financial performance of PT Adhi Karya and PT Waskita Karya using the EVA approach.

Method of Data Analysis

This study employs descriptive statistical analysis. Descriptive statistics refer to methods used to describe and present collected data as they are, without drawing generalized conclusions beyond the observed data set (Maharani, 2019).

The analysis process begins with the collection of all required financial data, followed by the calculation of EVA values using the following formulas:

1. Calculating NOPAT (Net Operating Profit After Tax)
   NOPAT = EBIT - TAX
   Where:
   NOPAT = Net Operating Profit After Tax
   EBIT = Earnings Before Interest and Taxes (also known as operating profit)
   TAX = Corporate tax rate
2. Calculating Invested Capital (IC)
   IC = (Total Debt+Equity)−Short-term Debt
   Where:
   IC = Invested Capital
   Total Debt = Total liabilities (both short-term and long-term debt)
   Equity = Shareholders' equity
3. Calculating *Weighted Average Cost of Capital* (WACC)
   WACC = {(D x rd) (1-T)} + (E x re)
   Where:
   a. D = Proportion of debt
   b. rd = Cost Of Debt
   c. T = Tax rate

d. re = Cost of equity
e. E = Proportion of equity

4. Calculating Capital Charges
   Capital Charges = WACC×IC
   Where:
   CC : Capital Charges
   WACC : Weighted Average Cost of Capital
   IC : Invested Capital
5. Calculating EVA
   EVA = NOPAT – CC
   Where:
   EVA : Economic Value Added
   NOPAT : Net Operating Profit After Tax
   CC : Capital Charge

After obtaining the EVA value, the financial performance of the two companies can be assessed based on whether the EVA is positive or negative. A positive EVA (EVA > 0) indicates the creation of economic value added, meaning the company generates returns above its cost of capital. If the EVA equals zero (EVA = 0), the company is breaking even, where profits are just sufficient to cover its obligations. Conversely, a negative EVA (EVA < 0) signifies that the company is unable to create additional value for the business.

RESULTS AND DISCUSSION

1. Calculating NOPAT (Net Operating Profit After Tax)

NOPAT can be calculated using the following formula :

NOPAT = EBIT – TAX

No	Company name	Year	EBIT (Rp)	TAX (Rp)	NOPAT (Rp)
1	PT Adhi Karya	2017	518.983.115.109	1.923.266.902	517.059.848.207
		2018	649.504.162.099	4.474.712.994	645.029.449.105
		2019	686.491.539.347	21.443.117.818	665.048.421.529
		2020	39.735.297.098	16.032.644.651	23.702.652.447
		2021	99.232.995.537	12.733.195.152	86.499.800.385
		2022	183.299.716.266	8.089.849.161	175.209.867.105
2	PT Waskita Karya	2017	4.620.646.154.705	419.073.663.951	4.201.572.490.754
		2018	5.536.442.504.008	916.874.798.455	4.619.567.705.553
		2019	1.328.649.961.839	299.751.593.948	1.028.898.367.891
		2020	9.729.421.929.853	233.695.783.307	9.495.726.146.546
		2021	1.086.240.733.799	752.492.708.176	333.748.025.623
		2022	1.240.774.727.573	431.959.079.487	808.815.648.086

From the table above, it can be observed that the NOPAT values for PT Adhi Karya from 2017 to 2022 experienced fluctuations with both decreases and increases. In 2017, the NOPAT amounted to 517,059,848,207, followed by an increase in 2018 and 2019, where NOPAT rose to 645,029,449,105 and 665,048,421,529 respectively. The positive NOPAT was driven by EBIT values exceeding the tax expenses. However, the trend reversed in 2020 when NOPAT significantly declined to 23,702,652,447, followed by 86,499,800,385 in 2021 and

175,209,867,105 in 2022. Despite the increase in NOPAT in 2021 and 2022, these figures remain substantially lower compared to previous years. The decline in NOPAT is primarily attributed to a decrease in EBIT over these years.

Similarly, the NOPAT values for PT Waskita Karya between 2017 and 2022 show a comparable pattern of rises and falls. In 2017, NOPAT was 4,201,572,490,754, increasing slightly to 4,619,567,705,553 in 2018. However, in 2019, NOPAT fell sharply to 1,028,898,367,891. A significant increase was observed in 2020, with NOPAT rising to 9,495,726,146,546. Nonetheless, NOPAT sharply declined again in 2021 and 2022 to 333,748,025,623 and 808,815,648,086, respectively. This decrease is also due to a reduction in EBIT, similar to the case experienced by PT Adhi Karya.

2. Calculating Calculating Invested Capital (IC)

IC can be calculated using the following formula :

IC = (Total Debt+Equity)−Short-term Debt

No	Company name	Year	Total Debt+Equity (Rp)	Short-term Debt (Rp)	IC (Rp)
1	PT Adhi Karya	2017	28.332.948.012.950	17.633.289.239.294	10.699.658.773.656
		2018	30.118.614.769.882	18.964.304.189.855	11.154.310.580.027
		2019	36.515.833.214.549	24.562.726.968.328	11.953.106.246.221
		2020	38.093.888.626.552	27.069.198.362.836	11.024.690.263.716
		2021	39.900.337.834.619	31.127.451.942.313	8.772.885.892.306
		2022	39.986.417.216.654	24.618.080.064.517	15.368.337.152.137
2	PT Waskita Karya	2017	97.895.760.838.624	52.309.197.858.063	45.586.562.980.561
		2018	124.391.581.623.636	56.799.725.099.343	67.591.856.524.293
		2019	122.589.259.350.571	45.023.495.139.583	77.565.764.210.988
		2020	105.588.960.060.005	48.237.835.913.277	57.351.124.146.728
		2021	103.601.611.883.340	27.201.562.416.697	76.400.049.466.643
		2022	98.232.316.628.846	21.452.886.385.290	76.779.430.243.556

Based on the Invested Capital (IC) calculations shown in the table above, it can be seen that PT Adhi Karya's IC increased annually from 2017 to 2019. In 2017, the IC was 10,699,658,773,656; in 2018, it rose to 11,154,310,580,027; and in 2019, the IC reached 11,953,106,246,221. However, in 2020, the IC decreased to 11,024,690,263,716, followed by a further decline in 2021 to 8,772,885,892,306. In 2022, the IC increased again, reaching 15,368,337,152,137.

For PT Waskita Karya, the IC values showed an upward trend from 2017 to 2019, with 45,586,562,980,561 in 2017, 67,591,856,524,293 in 2018, and 77,565,764,210,988 in 2019. The IC then dropped significantly in 2020 to 57,351,124,146,728 but rose again in the subsequent years, reaching 76,400,049,466,643 in 2021 and 76,779,430,243,556 in 2022.

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

WACC can be calculated using the following formula:

WACC = {(D x rd) (1-T)} + (E x re)

No	Company name	Year	D	Rd	1-Tax	E	Re	WACC
1	PT Adhi Karya	2017	79,2%	1,9%	0,3%	20,7%	8,8%	3,1%
		2018	79,1%	2,1%	0,6%	20,8%	10,2%	3,6%
		2019	81,2%	1,8%	3,1%	18,7%	9,7%	3,1%
		2020	85,3%	2,4%	40,3%	14,6%	0,4%	1,1%
		2021	85,8%	2,5%	12,8%	14,1%	1,5%	1,9%
		2022	77,9%	2,5%	4,4%	22,0%	1,9%	2,1%
2	PT Waskita Karya	2017	76,7%	2,5%	9,0%	23,2%	18,4%	5,9%
		2018	76,7%	2,5%	16,5%	23,2%	15,9%	5,1%
		2019	76,2%	3,8%	22,5%	23,7%	3,5%	2,9%
		2020	84,3%	5,3%	2,4%	15,7%	57,2%	13,2%
		2021	85,0%	5,4%	69,2%	14,9%	11,8%	3%
		2022	85,4%	5,1%	34,8%	14,5%	11,7%	4,4%

Based on the WACC calculations presented in the table above, it can be observed that PT Adhi Karya's WACC was 3.1 percent in 2017. In 2018, the WACC increased, but in 2019, it decreased again to 3.1 percent. In 2020, the WACC experienced a significant decline to 1.1 percent. Subsequently, in 2021, the WACC rose to 1.9 percent and increased further to 2.1 percent in 2022.

Regarding PT Waskita Karya, the WACC was 5.9 percent in 2017. It then decreased to 5.1 percent in 2018 and further declined to 2.9 percent in 2019. In 2020, the WACC sharply increased to 13.2 percent, but dropped again to 3 percent in 2021, followed by a slight increase to 4.4 percent in 2022.

The higher the WACC generated each year by both companies, the higher the return on investment obtained by investors.

4. Calculating Capital Charges

Capital Charges can be calculated using the following formula :

Capital Charges = WACC×IC

No	Company name	Year	WACC	IC	CC
1	PT Adhi Karya	2017	3,2%	10.699.658.773.656	342.389.080.756
		2018	3,6%	11.154.310.580.027	401.555.180.880
		2019	3,1%	11.953.106.246.221	370.546.293.632
		2020	1,1%	11.024.690.263.716	121.271.592.900
		2021	1,9%	8.772.885.892.306	166.684.831.953
		2022	2,1%	15.368.337.152.137	322.735.080.194
2	PT Waskita Karya	2017	5,9%	45.586.562.980.561	2.689.607.215.853
		2018	5,1%	67.591.856.524.293	3.447.184.682.738
		2019	2,9%	77.565.764.210.988	2.249.407.162.118
		2020	13,2%	57.351.124.146.728	7.570.348.387.368
		2021	3%	76.400.049.466.643	2.292.001.483.999
		2022	4,4%	76.779.430.243.556	3.378.294.930.716

Based on the Capital Charges (CC) calculations shown in the table above, PT Adhi Karya's CC value in 2017 was 342,389,080,756. This value increased to 401,555,180,880 in 2018, then decreased to 370,546,293,632 in 2019, followed by a further decline to

121,271,592,900 in 2020. In 2021, the CC value rose again to 166,684,831,953 and continued to increase in 2022, reaching 322,735,080,194.

For PT Waskita Karya, the CC value was 2,689,607,215,853 in 2017. It increased to 3,447,184,682,738 in 2018 but then decreased to 2,249,407,162,118 in 2019. In 2020, the CC value rose sharply to 7,570,348,387,368, before dropping again to 2,292,001,483,999 in 2021. It rose once more in 2022, reaching 3,378,294,930,716.

5. Calculating EVA

EVA can be calculated using the following formula :

EVA = NOPAT – CC

No	Company name	Year	NOPAT	CC	EVA
1	PT Adhi Karya	2017	517.059.848.207	342.389.080.756	174.670.767.451
		2018	645.029.449.105	401.555.180.880	243.474.268.225
		2019	665.048.421.529	370.546.293.632	294.502.127.897
		2020	23.702.652.447	121.271.592.900	(97.568.940.453)
		2021	86.499.800.385	166.684.831.953	(80.185.031.568)
		2022	175.209.867.105	322.735.080.194	(147.525.213.089)
2	PT Waskita Karya	2017	4.201.572.490.754	2.689.607.215.853	1.511.965.274.901
		2018	4.619.567.705.553	3.447.184.682.738	1.172.383.022.815
		2019	1.028.898.367.891	2.249.407.162.118	(1.220.508.794.227)
		2020	9.495.726.146.546	7.570.348.387.368	1.925.377.759.178
		2021	333.748.025.623	2.292.001.483.999	(1.958.253.458.376)
		2022	808.815.648.086	3.378.294.930.716	(2.569.479.282.630)

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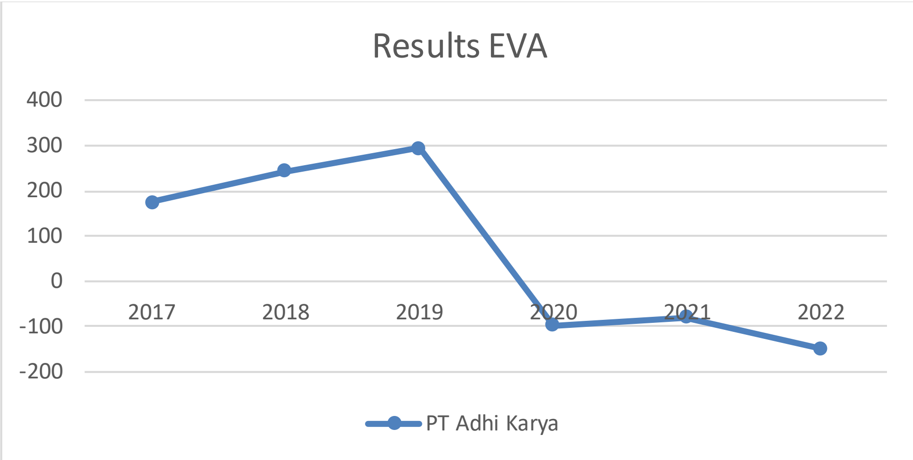

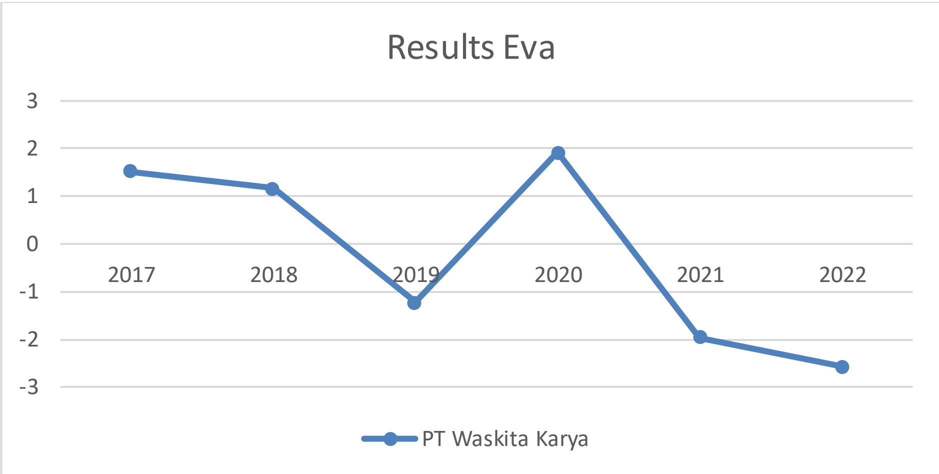

Based on the EVA calculation table above, it can be generally analyzed that PT Adhi Karya's EVA value in 2017 was positive at 174,670,767,451. This increased in the following year, 2018, to 243,474,268,225, and continued to rise to 294,502,127,897 in 2019. However, in subsequent years, the EVA value decreased, resulting in negative EVA values: (97,568,940,453) in 2020, (80,185,031,568) in 2021, and (147,525,213,089) in 2022.

For PT Waskita Karya, the EVA value was positive at 1,511,965,274,901 in 2017, but decreased to 1,172,383,022,815 in 2018, though still positive. In 2019, the EVA dropped to a negative value of (1,220,508,794,227). In 2020, the EVA increased again to a positive 1,925,377,759,178, but then declined in 2021 to a negative (1,958,253,458,376) and further decreased in 2022 to (2,569,479,282,630), indicating negative EVA values for these two years.

Discussion

Based on the results of the calculations, both PT Adhi Karya and PT Waskita Karya recorded negative EVA values during several periods of the study. A negative EVA indicates that these companies failed to generate a net operating profit after tax (NOPAT) sufficient to exceed their capital charges. In other words, they were unable to create economic value for their shareholders (Suripto, 2015). This outcome suggests that the firms' returns were inadequate to fully cover their cost of capital.

According to EVA theory proposed by Myers & Majluf (1984), negative EVA is classified as “value destruction,” as it diminishes shareholder wealth. Such a situation may lead to declining investor confidence and could exert downward pressure on the companies’ stock prices.

Between March 9 and April 8, 2020, PT Waskita Karya undertook the construction of observation, quarantine, and isolation facilities for infectious disease control (Suprapto & Kusuma, 2022). Coinciding with this period, the World Health Organization (WHO) officially declared COVID-19 a global pandemic on March 11, 2020 (Marves, 2020).

The completion of these facilities enabled PT Waskita Karya to maintain project continuity despite pandemic-related disruptions. In contrast, PT Adhi Karya concentrated on infrastructure projects dominated by toll roads and building construction (Sakdiyakorn et al., 2021). Based on data obtained from official company websites and other reliable sources, it can be inferred that the facilities constructed by PT Waskita Karya were more urgently required during that period.

It is worth noting that the quarantine and observation facility project undertaken by PT Waskita Karya was located in Batam rather than Jakarta. Despite its location outside a major metropolitan area, the project required a highly detailed and complex construction process, ultimately delivering fully equipped and comfortable facilities for COVID-19 patients in 2020 (Wiranto & Adialita, 2020).

Meanwhile, in 2020, PT Adhi Karya was engaged in the construction of an elevated railway (loop line) in Jakarta, with a projected construction timeline of approximately four to five years (Ihwanudin et al., 2020). Additionally, PT Adhi Karya developed a toll road project linking Solo, the Special Region of Yogyakarta, and Yogyakarta International Airport (YIA) Kulonprogo. This toll road project aims to improve regional connectivity, facilitate intercity travel, and provide access to the Trans-Java Toll Road network via the Kartasura Junction (Adhi Aron & Rini, 2020).

These findings suggest that PT Adhi Karya’s projects in 2020 were predominantly long-term initiatives designed to meet future transportation needs, whereas PT Waskita Karya’s projects were driven by urgent and immediate public health demands during the same period

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This study concludes with an assessment of the financial performance of PT Adhi Karya and PT Waskita Karya using the EVA method. The analysis indicates that both companies exhibited positive and stable financial performance in 2017 and 2018. However, from 2019 through 2022, performance fluctuated significantly, largely due to the impact of the COVID-19 pandemic. Notably, in 2020, PT Waskita Karya reported a positive EVA, whereas PT Adhi Karya recorded a negative EVA.

Overall, the findings suggest that these state-owned construction enterprises still face considerable challenges in generating sustainable economic value. Key factors influencing EVA include operating profit (NOPAT), debt levels and associated interest expenses (cost of debt), and capital structure. These results are consistent with prior research (Risnawati et al., 2021; Siregar & Haloho, 2018; Wardianda & Slamet Wiyono, 2023), which observed that firms with debt-heavy capital structures are more likely to experience negative EVA outcomes. This underscores the need for effective cost-of-capital management to enhance EVA performance in the future.

Recommendations

The study recommends that PT Adhi Karya and PT Waskita Karya adopt preventive strategies to avoid future negative EVA results by integrating worst-case scenarios into their planning processes. Although both companies may already implement their own strategies, the persistence of negative EVA indicates room for improvement. Based on the observed EVA values, the following steps are proposed to enhance economic value creation:

1. Lowering cost of debt by renegotiating loan terms, securing alternative funding sources with lower interest rates, or increasing equity-based financing. Reducing debt costs will decrease WACC and capital charges, thereby improving the potential for positive EVA.
2. Enhancing profitability (NOPAT) through operational efficiency improvements, market expansion, and ensuring that each project yields adequate financial returns. Increased NOPAT allows companies to fully cover their cost of capital and create shareholder value.
3. Managing borrowing sources by reducing reliance on long-term debt that inflates capital costs, while selectively seeking funding and increasing the equity portion through share issuance or retained earnings.

Optimizing invested capital utilization by ensuring that all invested funds generate satisfactory returns. Underperforming or unprofitable projects should be reviewed or discontinued to prevent them from dragging EVA into negative territory

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