JEMSI: Jurnal Ekonomi Manajemen Sistem Informasi
E-ISSN: 2686-5238
P-ISSN: 2686-4916
https://dinastirev.org/JEMSI dinasti.info@gmail.com +62 811 7404 455
DOI: https://doi.org/10.38035/jemsi.v7i6
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Received: 25 June 2026 | **Revised:** 16 July 2026 | **Accepted:** 9 August 2026

Comparative Financial Performance and Stock Valuation of Bottled Water Company Listed on the Indonesia Stock Exchange (CLEO and ADES)

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Abstract: The bottled water industry in Indonesia demonstrates strong growth potential driven by population growth, urbanization, and increasing consumer awareness of health and water quality. This study compares the financial performance and stock valuation of two bottled water companies listed on the Indonesia Stock Exchange, PT Sariguna Primatirta Tbk (CLEO) and PT Akasha Wira International Tbk (ADES). A quantitative descriptive approach was employed using secondary data from annual reports and financial statements covering 2017–2025. Financial performance was evaluated through profitability, liquidity, activity, and solvency ratios, while stock valuation was assessed using Growth at a Reasonable Price (GARP), Relative Valuation and Discounted Cash Flow (DCF) methods. The results indicate that ADES outperformed CLEO in profitability, liquidity, and return on invested capital, supported by its diversified business portfolio. In contrast, CLEO demonstrated stronger operational efficiency through higher asset turnover and a shorter cash conversion cycle. Valuation analysis revealed that ADES was undervalued, with intrinsic values ranging from Rp26,883 to Rp49,028 and a margin of safety between 37% and 65%. Conversely, CLEO appeared overvalued, with intrinsic values ranging from Rp260 to Rp393 and margin of safety between -29% and -53%. These findings suggest that ADES is more attractive for value-oriented investors, while CLEO remains appealing for growth-oriented investors.

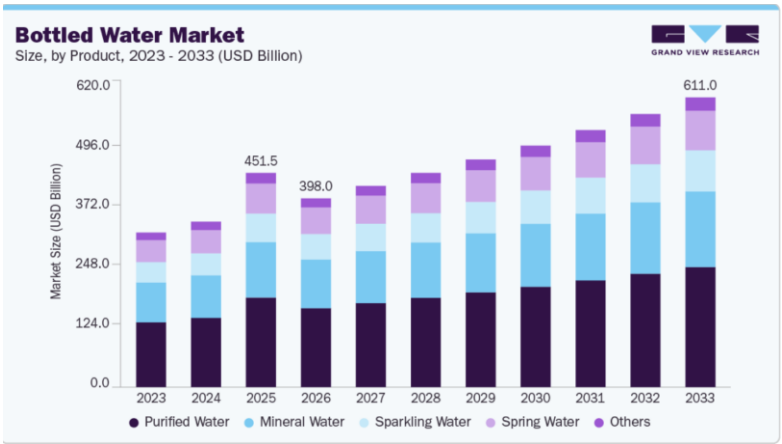
Keyword: Bottled Water Industry, Financial Performance, Stock Valuation, GARP Valuation, Indonesia Stock Exchange.

INTRODUCTION

The bottled water industry has become one of the fastest-growing segments within the global beverage market. Growing public awareness regarding health, hygiene, and water quality has increased consumer preference for packaged drinking water as a safer and more convenient alternative to traditional water sources (Ikhsan et al., 2022; Ward et al., 2009). In Indonesia, access to safe drinking water reached 93.22% in 2025, with bottled water and refillable water recognized as major sources of drinking water consumption (BPS, 2025; Dr. Joko Irianto,

2020). This trend reflects changing consumer behavior toward higher-quality drinking water products and supports the long-term expansion of the bottled water industry.

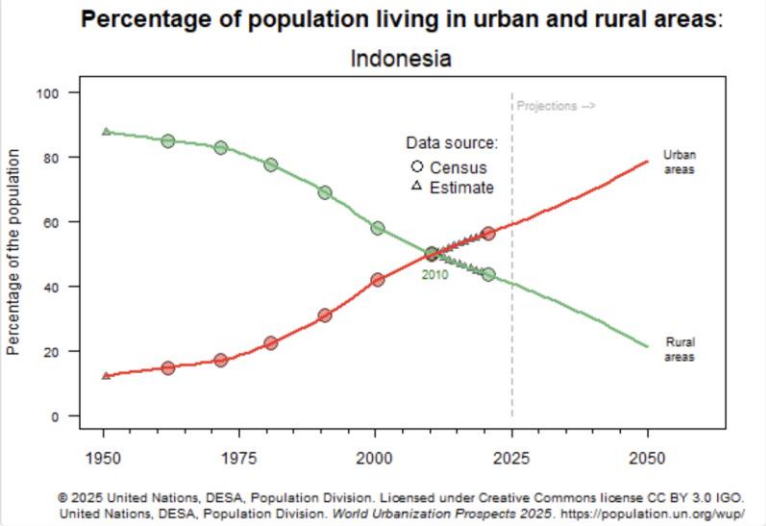
According to Grand View Research, the global bottled water market is projected to grow significantly between 2026 and 2033. Population growth, urbanization, rising income levels, and health-conscious lifestyles are expected to continue driving demand for bottled water products. Previous studies identified health concerns, convenience, safety, product quality, taste, and social image as major determinants of bottled water consumption (Ikhsan et al., 2022; Prasetiawan et al., 2017; Sufa, Christantyawati, et al., 2017). Furthermore, consumer perceptions regarding the quality of piped water and concerns about water safety have encouraged households to increasingly rely on bottled drinking water (Komarulzaman et al., 2017; Prasetiawan et al., 2017).



Source: Grand View Research

Figure 1. Bottled Water Market (2026–2033)

Urbanization also plays a significant role in supporting bottled water consumption. Indonesia is expected to experience continuous urban population growth, reaching approximately 70% of the national population by 2045 (Setiawan & Mulyani Sunarharum, 2020). The World Bank further reported that nearly 70% of Indonesia's urban population is concentrated in the Java–Bali region, where purchasing power and consumer demand are relatively high (Roberts & Gil Sander, 2019). Likewise, population projections indicate that urban residents will continue to increase through 2035, while rural populations gradually decline (Ramadhansyah, 2023). Such demographic changes are expected to stimulate demand for packaged drinking water products due to changing lifestyles, increasing mobility, and greater concern for product safety and convenience.



Source: World Urbanization Prospects 2025

Figure 2. Trends of Urbanization

The attractive growth prospects of the bottled water industry have encouraged several companies to access capital markets. However, among numerous bottled water brands operating in Indonesia, only a limited number are publicly listed on the Indonesia Stock Exchange (IDX). These firms exhibit different business models, revenue structures, and strategic orientations, potentially resulting in different financial performance and valuation outcomes.

Table 1. Bottled Water Companies Listed on the Indonesia Stock Exchange

Code	Company	Brand	Listed/ Unlisted	Contribution Margin	PER/end of March 2026
CLEO	PT Sariguna Primatirta Tbk	CLEO, SuperO2, Vio 8+, Anda	Listed	98,2%	24,5
ADES	PT Akasha Wira International Tbk	Nestle Purelife, Vica	Listed	33-38%	13,2
MYOR	PT Mayora Indah Tbk	Le Minerale	Listed	Unknown	13
ICBP	PT Indofood CBP Makmur Tbk	Club	Listed	2,7%	8,4
ALTO	PT Tri Banyan Tirta Tbk	Alto, Total, Total 8+	Suspend	100%	Negative
SOUL	PT Mitra Tirta Buwana Tbk	Hexsoul	Listed	100%	Negative

Source: Annual Report and Public Expose 2024

Among the listed firms, PT Sariguna Primatirta Tbk (CLEO) and PT Akasha Wira International Tbk (ADES) represent the most suitable subjects for comparative analysis. CLEO operates as a pure-play bottled water company, with approximately 98% of revenue generated from bottled water products. In contrast, ADES adopts a diversified business model, generating revenue from bottled water, cosmetics, and food and beverage segments, with bottled water contributing approximately 33-38% of total revenue. These contrasting business structures provide an interesting context for evaluating differences in operational performance and market valuation.

Previous studies have extensively examined financial performance as a determinant of firm value and investment attractiveness (Hasidi et al., 2024; Lasa & H.Mustafa, 2023; Sedovandara & Mahardika, 2023). Other studies have focused on stock valuation techniques such as Discounted Cash Flow (DCF), Price Earnings Ratio (PER), and Growth at a Reasonable Price (GARP) models (Brigham & Houston, 2018; CFA Institute, 2025; Lynch, 1989). However, limited studies have simultaneously compared financial performance and intrinsic

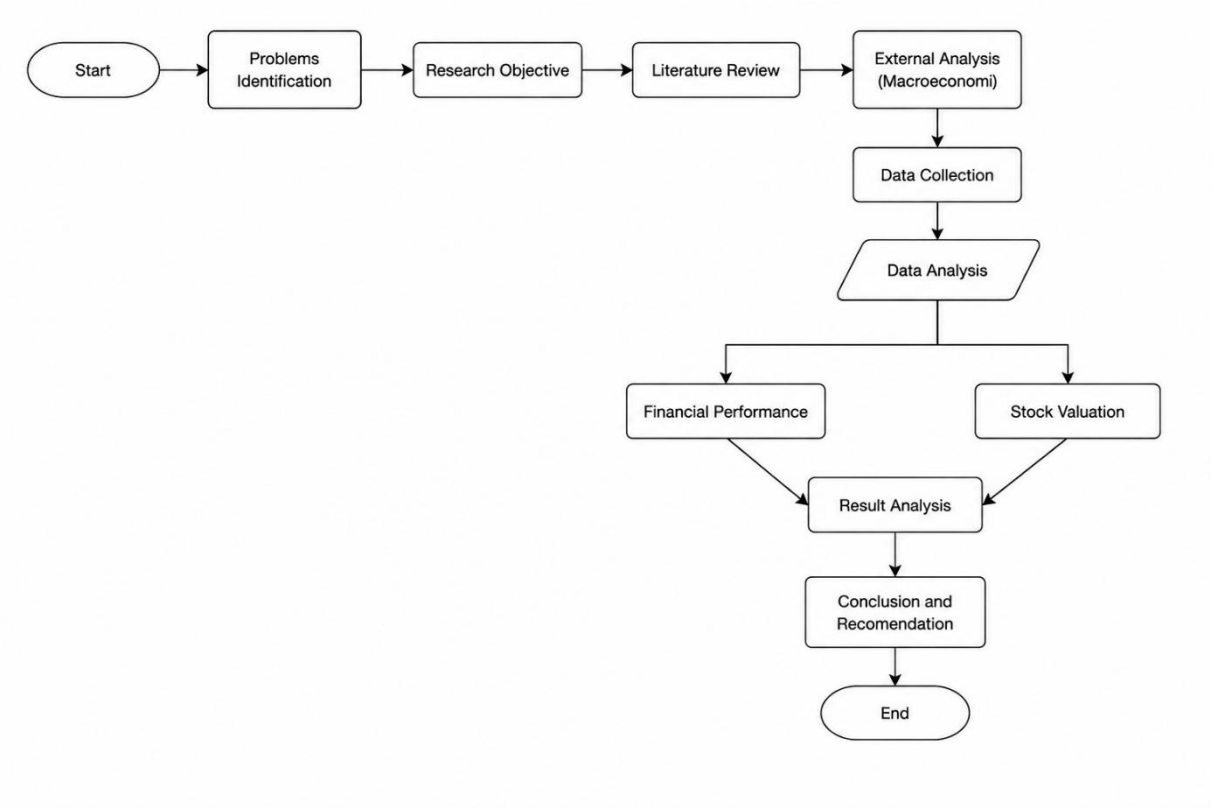
stock value among publicly listed bottled water companies in Indonesia. Consequently, investors still face challenges in identifying which company offers superior operational performance and more attractive investment opportunities.

Therefore, this study aims to compare the financial performance and stock valuation of PT Sariguna Primatirta Tbk (CLEO) and PT Akasha Wira International Tbk (ADES). The findings are expected to contribute to the literature on financial performance analysis and equity valuation while providing practical insights for investors evaluating opportunities in Indonesia's bottled water industry.

METHOD

Research Design

This study employed a quantitative descriptive approach to compare the financial performance and stock valuation of bottled water companies listed on the Indonesia Stock Exchange. Financial statement analysis is commonly used to evaluate a company's ability to generate value and support investment decision-making (Sedovandara & Mahardika, 2023). The study adopted a top-down analysis framework consisting of business analysis, financial analysis, and stock valuation analysis. The research process began with an external environmental assessment, followed by company-level financial analysis and intrinsic value estimation. This approach enables investors to understand both industry attractiveness and firm-specific performance before making investment decisions (Brigham & Houston, 2018).



Source: Author

Figure 4. Research Design Flowchart

Sample Selection

The study focused on bottled water companies listed on the Indonesia Stock Exchange. Two companies were selected as research samples, namely PT Sariguna Primatirta Tbk (CLEO) and PT Akasha Wira International Tbk (ADES). These firms were chosen because bottled water represents a significant contributor to their business activities and comprehensive financial

information is publicly available. CLEO operates as a pure-play bottled water company, whereas ADES employs a diversified business strategy involving bottled water, cosmetics, and food and beverage products. The different business models provide an appropriate basis for comparative financial analysis.

Data Collection

This study utilized secondary data collected from annual reports, audited financial statements, public disclosures, and company reports covering the period 2017–2025. Secondary data are widely used in financial research because they provide objective and verifiable information regarding corporate performance (Lasa & H.Mustafa, 2023). The collected data included statements of financial position, income statements, cash flow statements, segment information, and notes to financial statements. Additional market information, including stock prices, beta coefficients, risk-free rates, and industry valuation benchmarks, was obtained from financial databases and public sources.

Financial Performance Analysis

Financial performance was evaluated using profitability, liquidity, activity, and solvency ratios. Financial ratio analysis is considered an effective tool for assessing the financial condition and operational efficiency of a company (Hasidi et al., 2024).

1. Profitability Analysis

Profitability performance was assessed using Return on Equity (ROE), Return on Assets (ROA), Return on Invested Capital (ROIC), Gross Profit Margin (GPM), and Net Profit Margin (NPM). ROE and ROA were analyzed to evaluate management effectiveness in generating profits from equity and assets (Nur Fitriana et al., 2025). ROIC was employed to assess whether the companies generated returns exceeding their cost of capital, thereby creating value for shareholders (Ridwan, 2018). GPM and NPM were used to measure operational efficiency and profitability generated from sales activities (R. Firmansyah & Nursito, 2022).

2. Liquidity Analysis

Liquidity performance was measured using the Current Ratio and Quick Ratio. These indicators evaluate a firm's ability to meet short-term financial obligations using current assets and liquid resources (Syahputra & Ningsih, 2024).

3. Activity Analysis

Activity performance was assessed through the Cash Conversion Cycle (CCC), Total Asset Turnover (TATO), and Fixed Asset Turnover. The CCC measures the time required to convert inventory and receivables into cash flows (Benardi & Bakara, 2017). Total Asset Turnover was used to evaluate the effectiveness of asset utilization in generating sales revenue (Alfayer, Nurulrahmatiah, et al., 2025). Fixed Asset Turnover was employed to assess the productivity of fixed assets in supporting operational performance (I. Firmansyah & Syarifudin, 2021).

4. Solvency Analysis

Solvency performance was measured using the Debt-to-Equity Ratio (DER). This ratio indicates the proportion of debt financing relative to shareholders' equity and reflects the firm's financial risk exposure (Hulu et al., 2023).

Stock Valuation Analysis

Stock valuation was conducted using Discounted Cash Flow (DCF) and Growth at a Reasonable Price (GARP) approach. Valuation analysis enables investors to estimate the intrinsic value of a stock and determine whether market prices reflect fundamental performance (Brigham & Houston, 2018). The DCF method estimates intrinsic value based on the present value of future expected cash flows discounted by the weighted average cost of capital (WACC). This approach is widely applied in fundamental analysis because it incorporates

future earning potential into valuation estimates (CFA Institute, 2025). The GARP approach combines growth and valuation considerations through the Price-Earnings-to-Growth (PEG) ratio. According to Lynch (1989), attractive investments are companies that demonstrate strong growth prospects while maintaining reasonable valuation levels. In this study, the GARP model was applied using Sustainable Growth Rate (SGR) and Earnings per Share (EPS) growth assumptions. The estimated intrinsic values obtained from both valuation methods were subsequently compared with market prices to determine whether each stock was undervalued, fairly valued, or overvalued.

Data Analysis Procedure

The analysis was conducted in three stages. First, external business conditions were examined using PESTEL and Porter's Five Forces frameworks to assess industry attractiveness (H. V. Belsare, 2025). Second, financial ratio analysis was performed to compare the profitability, liquidity, activity, and solvency performance of CLEO and ADES. Third, DCF and GARP valuation methods were applied to estimate intrinsic values and calculate margins of safety. The results were subsequently interpreted to evaluate the investment attractiveness of both companies from value-investing and growth-investing perspectives (Lynch, 1989).

RESULTS AND DISCUSSION

Industry Attractiveness Analysis

1. PESTEL Analysis

The Indonesian bottled water industry continues to demonstrate favorable growth prospects despite facing various external challenges. Political factors remain important because fluctuations in global energy markets directly affect packaging and transportation costs. The increase in crude oil prices resulting from geopolitical tensions has contributed to higher polyethylene terephthalate (PET) prices, which are widely used in bottled water packaging. Consequently, bottled water manufacturers face increasing pressure to improve operational efficiency while maintaining product affordability (Yamin, 2026).

Economic conditions generally support industry growth. Indonesia recorded positive economic growth supported by household consumption and expansion in the food and beverage sector. Rising income levels and increased tourism activities have strengthened demand for bottled water products, particularly in urban areas. Furthermore, bottled water consumption continues to increase as consumers perceive packaged drinking water as a safer alternative to conventional water sources (BPS Statistics Indonesia, 2024).

Social factors also contribute significantly to industry expansion. Population growth, urbanization, and increasing health awareness have altered consumer preferences toward convenient and hygienic drinking water products. Previous studies suggest that concerns regarding water quality and public health have become major drivers of bottled water consumption, particularly in developing economies where access to safe drinking water remains uneven (Lestari, 2021).

Technological development has improved production efficiency and product quality within the industry. Water treatment technologies such as reverse osmosis, ultraviolet sterilization, and automated quality control systems enable manufacturers to maintain product consistency while reducing operational costs. Simultaneously, innovations in lightweight packaging and recycling technologies help companies address sustainability concerns while enhancing competitiveness (Gunavati, 2023).

Environmental and legal factors have become increasingly important. Public concerns regarding plastic waste and microplastic contamination continue to intensify pressure on bottled water companies to adopt sustainable business practices. In addition, compliance with environmental regulations, halal certification requirements, and food safety standards remains essential for maintaining market access and consumer trust (Apri Amalia, 2025).

Overall, the PESTEL analysis suggests that the Indonesian bottled water industry possesses strong growth potential despite increasing environmental and regulatory pressures. Companies capable of balancing growth, efficiency, and sustainability are likely to maintain competitive advantages in the long term.

2. Porter's Five Forces Analysis

Porter's Five Forces analysis indicates that competition within the Indonesian bottled water industry is relatively intense. The threat of new entrants is moderate because substantial investment is required for production facilities, distribution networks, and regulatory compliance. Nevertheless, large business groups with strong financial resources can still enter the market and compete effectively.

Supplier bargaining power is generally low to moderate because bottled water companies can source packaging materials and production inputs from multiple suppliers. However, fluctuations in energy prices and raw material costs occasionally strengthen supplier influence over production expenses. Buyer bargaining power remains relatively high due to the availability of numerous bottled water brands and low switching costs among consumers.

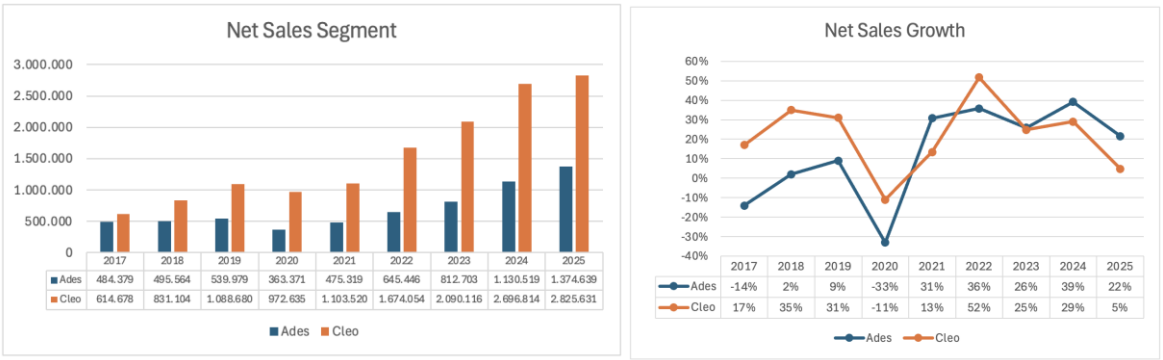
The threat of substitute products is moderate to high. Consumers may choose refillable drinking water, household water filtration systems, or reusable containers as alternatives to bottled water products. Furthermore, rivalry among existing competitors is particularly intense because firms compete aggressively through pricing strategies, product innovation, marketing campaigns, and distribution coverage.

Despite strong competitive pressures, industry demand continues to expand due to favorable demographic and economic conditions. Therefore, the bottled water industry remains attractive for companies capable of maintaining operational efficiency, product differentiation, and strong distribution networks.

And regarding competitive analysis, ADES and CLEO show differences in their growth strategies, supply chains, and market positioning. ADES relies on a global brand licensed from Nestlé Pure Life, with a premium positioning, a diversification strategy, and a centralized supply chain that includes partnerships with third-party distributors. Meanwhile, CLEO focuses on aggressive market penetration to increase its market share by building decentralized factories throughout Indonesia for logistical efficiency, relying on multi-segment and BPA-free products.

Comparative Financial Performance Analysis

1. Revenue Growth Performance



Source: Author Analysis

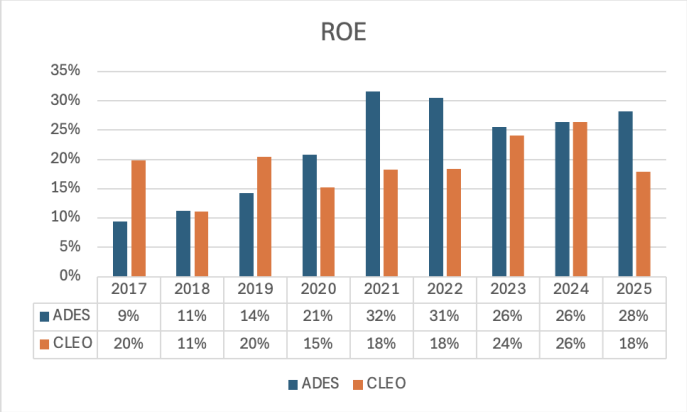
Figure 5. Net Sales Segment and Net Sales Growth

The financial performance analysis begins with revenue growth because sales represent the primary indicator of market expansion and business sustainability. Both CLEO and ADES

experienced positive sales growth throughout the observation period, although the magnitude and drivers of growth differed substantially.

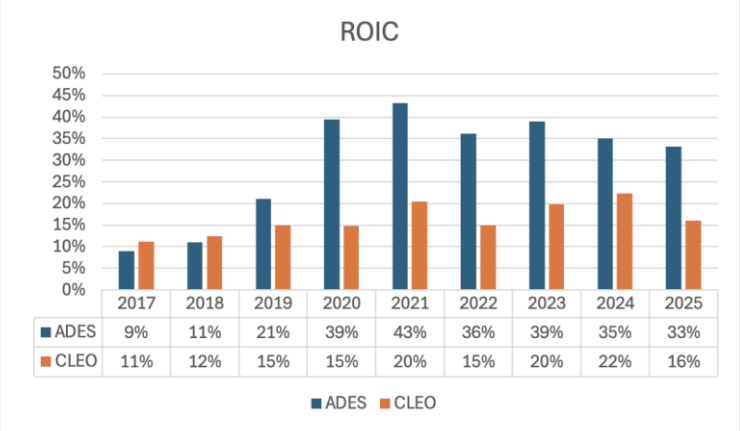
CLEO recorded a compound annual growth rate (CAGR) of approximately 18.47%, significantly higher than ADES. The strong growth achieved by CLEO was primarily supported by aggressive expansion strategies, including the construction of new production facilities, expansion of distribution networks, and increasing penetration into regional markets. The company's focus on bottled water as its core business also enabled management to allocate resources toward strengthening market share within the industry. In contrast, ADES achieved a lower sales growth rate of approximately 12%. Although revenue growth was relatively slower, the company maintained stable business performance due to its diversified portfolio, which includes cosmetics and food-related products. Business diversification reduced dependence on a single revenue source and enhanced resilience during periods of economic uncertainty. The findings indicate that CLEO outperformed ADES in terms of revenue growth, reflecting a more aggressive growth strategy. However, higher sales growth does not necessarily translate into superior financial performance because profitability and efficiency must also be considered when evaluating overall business quality.

2. Profitability Analysis



Source: Author Analysis

Figure 6. Return on Equity (ROE)



Source: Author Analysis

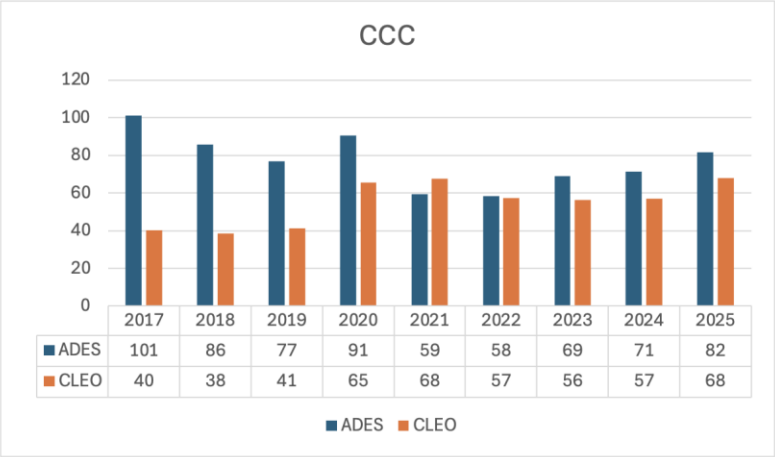
Figure 7. Return on Invested Capital (ROIC)

Profitability ratios were analyzed using ROE, ROA, ROIC, GPM, and NPM to evaluate each company's ability to generate returns from its resources and operations. The results

indicate that ADES consistently outperformed CLEO across most profitability indicators. ADES achieved higher average ROE throughout the observation period, suggesting a greater ability to generate profits for shareholders. According to the DuPont framework, strong ROE performance generally reflects effective profit generation and efficient resource utilization rather than excessive leverage (Brigham & Houston, 2018). The superior ROE observed in ADES was largely attributable to stronger profit margins and more stable earnings generation.

Similarly, ADES demonstrated higher ROA and ROIC values, indicating more effective utilization of assets and invested capital. The company's diversified business model enabled management to generate returns from multiple revenue streams while maintaining operational stability. Higher ROIC is particularly important because it reflects management's ability to create value beyond the cost of capital, which is a key determinant of long-term shareholder wealth (Ridwan et al., 2018). CLEO, however, displayed significant improvements in gross profit margins over the study period. Investments in production capacity and distribution infrastructure contributed to operational efficiencies and enhanced gross profitability. Nevertheless, these investments also increased operating expenses, limiting the company's net profit margins relative to ADES. Overall, the profitability analysis demonstrates that ADES maintained stronger earnings quality and capital efficiency, whereas CLEO emphasized growth and market expansion.

3. Liquidity and Activity Analysis



Source: Author Analysis

Figure 8. Cash Conversion Cycle (CCC)

Liquidity and activity ratios provide insights into a firm's short-term financial stability and operational efficiency. The analysis reveals contrasting strengths between ADES and CLEO. ADES consistently maintained stronger liquidity positions as reflected by its current ratio and quick ratio. The company held substantial cash reserves and liquid assets, enabling it to meet short-term obligations with minimal financial risk. Strong liquidity provides flexibility during periods of economic uncertainty and supports future investment opportunities (Syahputra & Ningsih, 2024). In contrast, CLEO demonstrated superior operational efficiency through a shorter cash conversion cycle. The company successfully reduced receivable collection periods and improved working capital management, allowing cash to circulate more rapidly within operations. According to Benardi & Bakara (2017), a shorter CCC indicates more efficient management of inventories, receivables, and payables. Although ADES maintained stronger liquidity, CLEO exhibited greater efficiency in converting business activities into cash flows.

Regarding TATO, ADES has a lower ratio than CLEO because ADES's current assets derive from a large amount of cash, which does not directly contribute to revenue. Therefore,

ADES's current assets are less productive and different from CLEO's the management has been aggressively utilizing each of its assets to generate revenue. Regarding FATO, ADES has a high ratio because its fixed assets are relatively small compared to its revenue and the fixed assets have also accumulated in depreciation. ADES also uses third parties (contract manufacturers) to produce its food products. While CLEO's FATO is lower because its fixed assets are still not fully utilized therefore, its sales have not yet reached their maximum potential due to the company's phase of expansion, and the depreciation costs are relatively small since the equipment is still new**.** This finding suggests that the two companies adopted different strategic approaches. ADES prioritized financial stability and risk reduction, while CLEO focused on operational efficiency and growth.

Stock Valuation Analysis

Stock valuation was conducted using Discounted Cash Flow (DCF) and Growth at a Reasonable Price (GARP) approaches to estimate the intrinsic value of both companies. These valuation methods enable investors to determine whether market prices accurately reflect fundamental performance (CFA Institute, 2025). The valuation results consistently indicate that ADES was undervalued under both DCF and GARP approaches. The estimated intrinsic values ranged from Rp26,883 to Rp49,028 per share, producing a margin of safety between 37% and 65%. These calculations are also supported by sensitivity analysis of growth and WACC relative to the terminal growth rate, which indicates that around 80% of the scenario results show undervaluation. Such results suggest that market prices did not fully reflect the company's profitability, liquidity, and capital efficiency advantages. Conversely, CLEO exhibited intrinsic values ranging from Rp260 to Rp393 per share. Compared with prevailing market prices, these estimates suggest that the stock was overvalued. This valuation is also supported by a sensitivity analysis of growth and WACC to the terminal growth rate, which indicates that the valuation is overvalued Investors appeared willing to pay a premium for CLEO because of its strong growth prospects and expansion strategy.

ADES	**g_∞ = 2%**	**g_∞ = 3%**	**g_∞ = 4%**	**g_∞ = 5%**	**g_∞ = 6%**
Growth= 14%	Rp14.898	Rp16.865	Rp19.695	Rp24.115	Rp31.987
Growth= 18%	Rp17.348	Rp19.685	Rp23.048	Rp28.299	Rp37.653
Growth= 22%	Rp20.150	Rp22.911	**Rp26.883**	Rp33.087	Rp44.137
Growth= 25%	Rp22.504	Rp25.621	Rp30.106	Rp37.111	Rp49.589
Growth= 28%	Rp25.092	Rp28.603	Rp33.653	Rp41.539	Rp55.588

ADES	g∞ = 2%	g∞ = 3%	g∞ = 4%	g∞ = 5%	g∞ = 6%
WACC= 7,56%	Rp24.683	Rp29.001	Rp35.743	Rp47.753	Rp75.161
WACC= 8,06	Rp22.219	Rp25.643	Rp30.753	Rp39.203	Rp55.857
WACC= 8,56%	Rp20.150	Rp22.911	**Rp26.883**	Rp33.087	Rp44.137
WACC= 9,056	Rp18.390	Rp20.649	Rp23.800	Rp28.504	Rp36.282
WACC= 9,56	Rp16.879	Rp18.749	Rp21.291	Rp24.949	Rp30.661

Source: Author Analysis

Figure 9. Growth Rate Sensitivity ADES

CLEO	g∞ = 2%	g∞ = 3%	g∞ = 4%	g∞ = 5%	g∞ = 6%
Growth= 8%	Rp218	Rp243	Rp278	Rp329	Rp414
Growth= 12%	Rp260	Rp290	Rp331	Rp393	Rp495
Growth= 16%	Rp308	Rp343	**Rp393**	Rp467	Rp588
Growth= 19%	Rp348	Rp388	Rp445	Rp529	Rp667
Growth= 22%	Rp393	Rp438	Rp502	Rp597	Rp753

CLEO	g∞ = 2%	g∞ = 3%	g∞ = 4%	g∞ = 5%	g∞ = 6%
WACC= 8,1%	Rp370	Rp424	Rp504	Rp636	Rp894
WACC= 8,6	Rp336	Rp380	Rp442	Rp539	Rp711
WACC= 9,1%	Rp308	Rp343	Rp393	Rp467	Rp588
WACC= 9,6	Rp283	Rp312	Rp352	Rp410	Rp499
WACC= 10,1	Rp261	Rp286	Rp319	Rp364	Rp432

Source: Author Analysis

Figure 10: Growth Rate Sensitivity CLEO

The difference in valuation outcomes highlights contrasting investor expectations. ADES represents a value-oriented investment characterized by strong fundamentals and attractive pricing, whereas CLEO represents a growth-oriented investment in which future expansion opportunities have already been incorporated into market prices. These findings are consistent with Lynch (1989) GARP concept, which emphasizes balancing growth prospects with reasonable valuation levels. Although CLEO delivered stronger revenue growth, ADES offered a more attractive valuation relative to its underlying financial performance.

Discussion of Investment Attractiveness

The findings reveal that CLEO and ADES possess different competitive advantages and investment characteristics. CLEO demonstrated superior revenue growth and operational efficiency, supported by its aggressive expansion strategy and strong focus on the bottled water market. These characteristics make the company attractive for investors seeking long-term growth opportunities. However, ADES consistently outperformed CLEO in profitability, liquidity, and return on invested capital. The company's diversified business portfolio enabled

management to maintain stable earnings while generating superior returns for shareholders. More importantly, valuation analysis indicated that ADES traded below its intrinsic value, providing investors with a substantial margin of safety. From a value-investing perspective, ADES appears more attractive because of its combination of strong financial performance and undervalued market pricing. In contrast, CLEO remains attractive for growth-oriented investors who prioritize future expansion and market share growth despite higher valuation levels. Therefore, the overall results suggest that ADES offers a superior risk-return profile for value investors, whereas CLEO provides stronger exposure to long-term growth opportunities within Indonesia's expanding bottled water industry. Thus, the undervaluation of ADES is due to its low free float (8.53%), which limits transaction liquidity, a lack of information from management to the public regarding the company's growth story, and investor preferences for companies that focus on a single segment (Jordan, Li, & Liu, 2022). On the other hand, the overvaluation of CLEO is driven by the company's liquidity, the management's active disclosure of information regarding the company's growth, dividend payments, and the preference of institutional investors for the stock.

CONCLUSION

How is the financial performance of bottled water companies listed on the Indonesia Stock Exchange?

Analysis results from Porter's Five Forces and PESTEL are seen in the growth that both companies have achieved. For ADES, the growth analysis was conducted only in the food and beverage segment, where bottled water is also large contributor.

CLEO and ADES's net sales show an upward trend from 2017 to 2025, with CAGRs of 19% and 12%, and their gross profit margins (GPM) are also high, averaging 50% and 40%, showing that the companies have great management in terms of efficiency and selling prices. However, regarding consolidated financial performance, ADES performed better than CLEO in terms of profitability due to ADES's diversification strategy in the cosmetics segment. But in activity ratio, CLEO was more effective in utilizing its assets than ADES. So, the performance of both companies showed significant revenue growth; however, in terms of net income, CLEO was under pressure from operating costs related to logistics, fuel, new employees, and depreciation due to aggressive expansion while the factory was not yet operating at full capacity.

Meanwhile, the NPM for ADES is high due to diversification into the cosmetics segment, which has low operating costs and high selling prices. Furthermore, the company has maximised the capacity utilisation of its existing factories, thereby reducing depreciation because it doesn't have as many factories as CLEO does; ADES also utilises a third-party contract manufacturing system.

Table 2. Comparative Summary of Financial Performance Analysis between ADES and CLEO

Financial Performance	ADES	CLEO	Description
Profitable Ratio			
ROE	☑		The ROE of ADES performed better than that of CLEO, averaging 20%, while CLEO's was 17%. Based on the DuPont analysis, the high ROE of ADES comes from high NPM, averaging 20%, while CLEO's NPM was 13%; however, in terms of asset turnover, CLEO performed better.
ROA	☑		The ROA of ADES, as calculated by the DuPont method, is also higher due to its high NPM, and CLEO performs better in terms of asset turnover
ROIC	☑		The ROIC for ADES is higher, averaging around 30%, while CLEO's averages around 16%; both are above the WACC, which means the

			companies are able to generate a profit compared to the capital invested.
NPM	☑		The NPM of ADES performed better than CLEO's, with averages of 20% and 13%, whereas ADES's net income recorded a CAGR of 39%, compared to CLEO's 26%, even though CLEO's net sales growth was higher at 19%, compared to only 14% for ADES
GPM	☑		The GPM of ADES from 2017 to 2025 has consistently remained around 50%, supported by the diversification strategy implemented by ADES through the contribution of its cosmetics segment, Meanwhile, CLEO's GPM has improved from 2017 to 2025, growing from 37% to 56%. This shows that CLEO has successfully streamlined its operations and supply chain and increased its selling prices by leveraging its brand equity
Liquidity Ration			
Current Ratio	☑		ADES is superior because it has a strong cash position due to its conservative approach to expansion, compared to CLEO, which takes an aggressive approach to expansion; their respective values average 2.8 and 1.4.
Quick Ratio	☑		ADES also performed better than CLEO, with averages of 2.3 and 0.7, indicating that CLEO has a large amount of inventory relative to its available liquid assets; however, this is considered safe because CLEO's cash turnover is very fast only about 14 days.
Activity Ratio			
CCC		☑	In terms of the cash conversion cycle, CLEO has better performance because it collects cash from customers quickly and can defer payments to suppliers
Total Asset Turnover		☑	and in terms of total asset turnover, CLEO also outperforms in terms of asset turnover
Fixed Asset Turnover	☑		However, in terms of fixed asset turnover, ADES performed better because the company maximized the utilization of its existing fixed assets for operations, compared to CLEO, the utilization of the new plant's capacity has not yet reached its full potential due to its expansion phase.
Solvency Ratio			
DER	☑	☑	These two companies have a debt-to-equity ratio (DER) below 0.5, indicating that they are in a healthy financial condition, especially ADES, which has no interest-bearing debt.

Source: Author Analysis

How much is the intrinsic value of bottled water companies listed on the Indonesia Stock Exchange?

Table 3. Summary of Intrinsic Value

Stock Valuation	ADES		CLEO	
	Intrinstic Value	MOS	Intrinstic Value	MOS
Garp Valuation				
PEG Ratio with SGR	Rp27.657	39%	Rp260	-53%

PEG Ratio with EPS growth	Rp49.028	65%	Rp308	-29%
Absolute Valuation				
DCF	Rp26.883	37%	Rp393	-1%

Source: Author Analysis
*based on the stock price in March 2026 (when the annual report is released).

The intrinsic value of ADES is calculated using the GARP valuation method with two growth assumptions, which are SGR and EPS, resulting in an intrinsic value of Rp27,657 with a MOS of 39% and Rp49,028 with a MOS of 65%. Meanwhile, the intrinsic value of CLEO, using the SGR assumption, is Rp260 with a MOS of -53%, and using the EPS assumption, the intrinsic value is Rp308 with a MOS of -29%.

When using the DCF valuation method, ADES also records a MOS of 37% and an intrinsic value of Rp26,883, while CLEO's intrinsic value is Rp393 with a MOS of -1%. There is different between the MOS results of the GARP and DCF methods for CLEO. The reason for higher PER valuation in the GARP method compared to its actual growth rate, resulting in an overvaluation. So, the DCF method is based on growth assumptions, resulting in overvalued result.

GARP Valuation

ADES: Undervalued

CLEO: Overvalued

This PEG analysis shows that ADES is undervalued and CLEO is overvalued based on two growth metrics: sustainable growth rate (SGR) and earnings per share (EPS) growth rate.

Relative Valuation:

a. PER Ratio

ADES: Undervalued

CLEO: Overvalued

Regarding PER valuation, CLEO has an average of 37.2 over the past 9 years, while ADES has an average PER of 10.5. The market values CLEO at a premium compared to ADES.

b. PBV Ratio

ADES: Undervalued

CLEO: Overvalued

CLEO is also valued at an average PBV of 6.2, which is much higher the average of ADES, which is 2.1.

c. EV/EBITDA

ADES: Undervalued

CLEO: Overvalued

And the EV/EBITDA ratio also indicates that CLEO is higher in market valuation, with an average EV/EBITDA ratio of 19, while ADES's EV/EBITDA ratio is 6.2.

Relative Valuation

WACC: The WACC for ADES is lower than that of CLEO, with ADES at 8.56% and CLEO at 9.1%.

FCFF ADES: A negative FCFF only in 2022

FCFF CLEO: a negative FCFF over the first three years

In the FCFF analysis, it is shown that CLEO's reinvestment rate is very high due to its aggressive expansion across Indonesia, with an average of 121%, while ADES's is only 26%. ADES's management takes a more conservative strategy in expansion and focuses on diversification by choosing products with high market value, however, ADES has recently begun to aggressively expand.

Therefore, the company is currently in the expansion phase, which makes its free cash flow unpredictable. However, in the long term, after the aggressive expansion phase has been fully implemented, the company's cash flow is expected to grow significantly.

DCF ADES: Undervalued

DCF CLEO: Overvalued

The results of the calculations and sensitivity analysis indicate that ADES is undervalued and CLEO is fairly valued.

According to the results of analyses using the GARP method, relative valuation, and DCF valuation, the valuation of ADES is undervalued, while CLEO is overvalued.

Recommendation

Recommendation for Investors

1. Investors are recommended to understand that the comparison of ADES's and CLEO's financial performance is influenced by their business strategies, namely focus and diversification. ADES's better financial performance is driven by the results of its diversification strategy into other segments, whereas CLEO which is purely focused on bottled water provides more representative results in terms of efficiency and operational activities in managing working capital, as evidenced by its strong CCC and effective asset utilization even during its expansion phase.
2. To assess intrinsic value, investors should use a price range based on calculations using the GARP method which applies EPS and SGR and use several methods such as, relative valuation and DCF valuation, to make more rational decisions. Because the results of stock valuation are sensitive to growth assumptions.
3. Investors are recommended to continue monitoring the company's progress through quarterly financial reports, public presentations, and annual general meetings of shareholders to obtain a information of the company's long-term growth potential and minimize risk. Therefore, if a stock appears undervalued and its future growth potential is still not reflected in its price, investors will have the opportunity to buy it before the stock price rises.
4. For long term investors focused on value, ADES is the best choice because it has strong fundamentals, good corporate governance, and a well-diversified strategy across the cosmetics and food segments. Furthermore, the stock is undervalued, even though the ADES stock is not very liquid for large volume transactions, and investors are required to put in more effort to conduct analysis due to the company's diversification, thus making it challenging to project future performance.

   However, ADES faces business risks related to their business activity such as dependence on brand licenses from third parties such as Nestlé Pure Life, there are legal risks regarding license extensions or changes in the terms of the license agreement. If a license is terminated, ADES's revenue will be significantly impacted. Additionally, there is a lack of distribution to the general trade which constitutes the company's primary customer base and fluctuations in the price of PET raw materials, which will put pressure on margins. And regarding environmental risks, ADES also faces risks related to the use of single-use plastic packaging and regulations regarding the use of water resources. Therefore, ADES is suitable for value investors with a low-risk profile with a large margin of safety, ADES can provide protection against the risks associated with the company.
5. Although CLEO's stock price already reflects high growth expectations, there are also inherent risks due to the company's business focus on bottled drinking water, such as volatility in PET raw material prices, price sensitivity among consumers, depreciation expenses on its assets, and environmental issues related to the use of single-use plastics

and regulations regarding water resources, all factors have a direct impact on the company's revenue.

For investors focused on strong growth story and good corporate governance, the stocks are very liquid, thus making it easy to buy and sell in large amounts. And mutual fund institutions that focus on single segment companies (pure plays because they are easy to analyze, understand, and forecast market growth, market share, raw material costs, distribution, and selling prices and volumes), then CLEO is the right choice even though it's the value is overvalued.

Therefore, every investor has their own reasons for choosing their preferred stock and both companies are solid companies, with their own strengths and risks.

Recommendation for ADES

1. Act cautiously when expanding into new products and sustain the performance achieved in optimizing profitability and leveraging existing assets to the maximum.
2. Increase brand ownership to reduce reliance on licenses
3. ADES' market share, which is below 5%, needs to be more aggressive in expanding into the general trade market.
4. Commitment to compliance with ESG standards.

Recommendation for CLEO

1. The recommendation is to maximize existing plant capacity while expanding the manufacturing facility to reduce operating costs.
2. Focus on managing cash flow more efficiently by controlling capital expenditures
3. Continue to develop more innovative and environmentally sustainable packaging
4. Commitment to compliance with ESG standards.

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