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Letter of Acceptance

Dear **Meita Tri Herlina** (Paper #**085**),

Congratulations!!! On behalf of the ICONBEM 2020 program committee, we are pleased to inform you that your paper has been accepted for presentation at ICONBEM 2020 conference. The conference will be held on February 01st, 2020, in Surabaya, Indonesia. Please follow the listed points to prepare your final version of your paper/abstract:

1. Please revise your abstract based on reviewers' comments below (if any). You should consider putting the affiliation name correctly.
2. Please update your revised version of the abstract to the Easychair submission system with the full paper attached.
3. Please register for the conference according to the scheduled date. At least one author of each paper needs to register. The registration account is: https://ecommpg.klikbca.com/BCAPGW/Payment/Link?plid=3174
4. Please directly inform us (Mrs.Anandita- +62-817-035-40-888, or Mrs.Muniroh- +62-851-3247-9080) after you complete the registration payment. Otherwise, we will assume that your paper will be withdrawn automatically.
5. Please visit the conference website to find all the information and updates about the conference venue, location, and conference program.
6. Please note that each accepted paper/abstract should be presented at the conference.
7. Please keep the updated information from the website: http://bit.ly/iconbem

We look forward to meeting you at the ICONBEM venue.

Best Regards,

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Dr. Ir. Arman Hakim Nasution, M.Eng.Sc
ICONBEM 2020 Conference Chair

Important Dates:

- Early Bird Registration: December 20th,2019
- Final Paper/ Camera Ready Submission: January 03rd, 2020
- Late Registration: January 05th, 2020
- Conference Date: February 1st, 2020

Reviewer's Comments

The authors propose the research entitled "Financial Distress Prediction Models in Property Sector Companies Listed in Indonesia Stock Exchange", which we found interesting. The background and research question is explained well. A more detailed explanation regarding the financial distress and the result of the research is preferred; authors can update the abstract in this matter.

The International Conference on Business and Engineering Management
February 1th, 2020, Department of Business Management, ITS

Financial Distress Prediction Models in Property Sector Companies Listed in Indonesia Stock Exchange

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Abstract*— Abstract**3/4 ***Along with the unstable national and global economic conditions, investors and consumers defend themselves to invest in the property sector. Companies go public in obtaining capital markets as a means to obtain sources of funds. Investors and creditors will see the financial condition required before the company will increase financial distress (financial distress) or not before investing their capital. Therefore, analysis and prediction of a company's financial problems is very important. This study uses the Financial Distress model by using discriminant analysis. The independent variables used are financial ratios which are divided into 4 categories (1) Liquidity Ratios, (2) Solvency Ratios, (3) Activity Ratios, (4) Profitability Ratios. This research uses quantitative with the Multivariate Discriminant Analysis (MDA) model. The sample data used in this study includes property, real estate, and construction sector companies listed on the Indonesia Stock Exchange in the 2014-2018 period. This study produces a financial distress model Z-score = -3,569 + 6,910DTA - 1.107DTE + 7,515ROE + 3,573OPM with a cut-off value of -3,521. When the z-score of the company <-3,521 then the company is included in the group that changes financial difficulties, conversely if the z-score of the company> -3,521, the company is included in the non-financial pressure group.

***Keywords*— Multiple Discriminant Analysis (MDA), Financial Distress, Property Sector**

I. INTRODUCTION

Along with the unstable national and global economic conditions, investors and consumers refrain from investing in the property sector. In fact, the property sector is a locomotive of development in a country, many industries develop because they participate in supporting the property sector (Syarif, 2015). The property sector has a significant impact on financial products. If there is an increase in property prices that are too high, then market demand will decrease, resulting in a decline in growth in the property sector, the impact on the banking sector, especially in channeling housing loans (mortgage) will also experience a decline in growth. In addition, this sector has a multiplier effect and backward linkage that impacts other sectors (Aturduit.com, 2017). This is because the property sector is a labor-intensive sector and has several sectors involved. Based on UI studies there are at least 174 industries involved in it such as cement, paint, brick, furniture, iron, household electronics, besides that the property sector is also able to create jobs for the wider community (Director General of Housing Provision of the Ministry of Public Works and Housing, 2015).

In Indonesia, the property sector experienced a slowdown in sales growth from the end of 2014 to the beginning of 2018. Although demand for property at the end of 2018 increased, the US Trade policy created tensions in the world and caused 2019 to enter a state of uncertainty. Moreover, the increasingly severe macroeconomic conditions, slowing economic growth up to the trend of benchmark interest rates and liquidity that will be increasingly tight in 2019. In addition, political conditions in Indonesia are experiencing uncertainty, where in 2019 there will be general elections, making investors hesitate to invest. Companies go public utilizing the capital market as a means to get funding. The capital market can be used as a tool to reflect on the company's financial performance and condition. The market will give a positive response through an increase in the company's stock price if the financial condition and company performance are good. Investors and creditors will see the company's financial condition first whether the company will experience financial difficulties (financial distress) or not before investing.

Financial distress is the stage of declining financial conditions in a company before bankruptcy (Platt and Platt, 2002). For this reason, an early introduction to the condition of companies experiencing financial distress is important. Financial distress conditions can be identified earlier before they occur by using an early warning system model. Therefore, analysis and prediction of a company's financial condition is very important (Atmini and Wuryana,

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