

# Evaluation Of Company Financial Performance Using Liquidity and Solvency Ratios In Companies Listed On The Indonesian Stock Exchange

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**Abstract:** - The objective of this study is to evaluate the financial performance of listed companies on the Indonesia Stock Exchange Tbk. Based on the analysis of liquidity ratios and solvency from 2019 to 2023. The data collection method used in this research is a documentation study by collecting theoretical data, including journals and articles that support research materials and financial statement documents available at companies listed on the Indonesia Stock Exchange. The results of the analysis show that liquidity ratios, such as current ratio and quick ratio, at PT Multi Bintang Indonesia Tbk experience unfavorable fluctuations, which indicate the company's inability to meet its short-term obligations because they are below the industry average. In contrast, PT Delta Djakarta Tbk shows better performance because its liquidity ratio is above the industry average, so it is considered capable of meeting its short-term obligations. Meanwhile, solvency ratios such as Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) at PT Multi Bintang Indonesia Tbk are also unfavorable because they exceed industry standards, indicating an inability to pay off long-term obligations. Unlike the case with PT Delta Djakarta Tbk, whose solvency ratio is below industry standards, so it is classified as healthy and able to meet its long-term obligations. These findings indicate that the financial performance of PT Multi Bintang Indonesia Tbk tends to be unstable and less efficient, in contrast to PT Delta Djakarta Tbk which shows better financial stability and efficiency. Nevertheless, both companies still need to conduct careful monitoring of liquidity and solvency to ensure operational continuity. This analysis is expected to be a reference in making strategic decisions to improve financial performance and maintain a competitive position in local and global markets.

**Key-Words:** - Financial analysis; Financial performance; Liquidity ratio; Solvency ratio; Financial accounting.

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## **1 Introduction**

The rapid growth of the business world in Indonesia has led to the emergence of numerous new companies across various industries. Each company carries its own unique financial planning strategy. As competition intensifies, businesses are increasingly required to implement more professional management practices (Supriyadi et al., 2025). Effective financial management is essential to maintain competitiveness, particularly in efficiently utilizing company assets and ensuring long-term financial stability (Lamuda, 2023).

Liquidity and solvency ratios are commonly used indicators to evaluate a company's financial performance. A company may appear liquid and capable of meeting its short-term obligations based on liquidity ratios (Alfugar et al., 2025). However, if solvency ratios show that liabilities outweigh equity, this indicates a potential financial risk (Nirawati, 2022). While both ratios may still fall within acceptable industry standards, any decline in these ratios can lead to suboptimal performance and reflect financial instability (Wulandari & Darwis, 2019).

The evaluation of financial ratios plays a vital role in helping companies assess and make informed strategic decisions. It supports future planning to improve or maintain performance levels and helps owners determine the best policies in response to potential changes in management structure (Loho et al., 2021). A high current ratio implies liquidity but may also indicate excessive current assets, potentially impacting equity returns. On the other hand, solvency ratios—such as debt to equity and debt to asset—reveal a company's dependence on external financing and its capacity to fund operations (Jaunanda & Fransesca, 2020).

Previous studies show varying results regarding company performance. For instance, Pakaya et al. (2023) found that some companies were unable to repay their debts, indicating poor financial health. Meanwhile, Nirawati et al. (2022) highlighted inefficiencies stemming from an imbalance between fixed assets and sales. Wulandari & Darwis (2019) concluded that overall financial performance in their sample fell below the industry average, in contrast to Loho et al. (2021), who found that most financial ratios were in good condition, albeit with some requiring improvement. Similarly, Jaunanda & Fransesca (2020) pointed out that a low ratio signaled high liquidity risk, while an overly high current ratio could hurt stock returns.

The current research focuses on evaluating financial performance through liquidity and solvency ratios, using case studies from PT Multi Bintang Indonesia Tbk and PT Delta Djakarta Tbk—two companies listed on the Indonesia Stock Exchange (Yuliana & Hidayat, 2023). PT Multi Bintang Indonesia, operating in the food and beverage sector, is known for its rapid cash cycle but faced liquidity challenges during the COVID-19 pandemic due to distribution restrictions and declining demand. However, the company's preference for internal funding helped stabilize its solvency during economic uncertainty.

In contrast, PT Delta Djakarta faced significant financial challenges from market fluctuations, rising production costs, and increasing competition. Its 2023 annual report revealed a 5% decline in net profit compared to the previous year. These issues were addressed through cost-efficiency measures and product innovation to maintain profit margins (Suryanto, 2023). Both companies were affected by the pandemic, with many businesses experiencing lower revenues and weakened current ratios due to disrupted operations. PT Multi Bintang Indonesia is well known for its beer products such as Heineken and Bintang, leveraging Heineken's technology to meet global standards. On the other hand, PT Delta Djakarta focuses on non-alcoholic beverages such

as Teh Botol Sosro and Vit, emphasizing natural, preservative-free products that promote health and freshness (Pratama, 2021).

Company performance reflects the results of all corporate activities and serves as a key measure for stakeholders—including governments, the public, creditors, and shareholders. Accurate performance evaluation is crucial as it affects regulations, consumer satisfaction, lending decisions, and shareholder returns (Jeremy & Viriany, 2019). Financial performance analysis helps companies make informed decisions regarding operations and investment strategies, especially when using financial ratio analysis as a method (Zub, 2023).

Given its importance, this research aims to evaluate the financial performance of selected companies using liquidity and solvency ratios to support better managerial and investment decisions. It is expected to serve as a reference for future studies and financial analysis, particularly within Indonesia's industrial sector. This research is conducted to address key questions related to the financial performance of companies using financial ratio analysis. Specifically, it seeks to evaluate how liquidity ratios reflect a company's ability to meet short-term obligations and how solvency ratios indicate the company's long-term financial stability by measuring the extent of debt utilization. The study focuses on understanding how these two financial ratios influence the overall performance and health of companies listed on the Indonesia Stock Exchange. The results of this study are expected to provide significant benefits both practically and academically. For investors, this research can serve as a useful reference in evaluating investment opportunities by analyzing a company's financial condition through its liquidity and solvency ratios. Academically, the findings can be used as a foundation for further studies, particularly in understanding financial performance evaluation within specific industrial sectors. It also contributes to developing financial strategies and policy-making processes for companies aiming to enhance or maintain their performance.

## **2 Theoretical Framework**

### **2.1. Financial Accounting: Definition and Function**

Financial accounting is defined as a process that culminates in the preparation of financial statements covering all company activities. These reports are crucial for both internal and external stakeholders, each of whom has different interests in the financial information presented (Setiawan & Kurniasih, 2020). The primary focus of financial accounting is to serve external users, which necessitates consistency and clarity in the principles used. Therefore, the use of accounting standards ensures that the information provided is both relevant and beneficial for decision-making purposes (Setiawan & Kurniasih, 2020).

### **2.2. Financial Statements: Structure and Importance**

Financial statements are the final output of recording all transactions within a certain period. These documents reflect how the company has managed its operations and how those efforts have influenced its financial structure (Utirahman, 2018). According to the Indonesian Financial Accounting Standards (Ikatan Akuntansi Indonesia, 2015), a financial statement is a structured presentation of an entity's financial position and performance. These statements help assess whether the company is meeting its targets, based on a snapshot of either a specific moment or a period (Zub, 2023; Destiani & Hendriyani, 2022; Wulandari & Darwis, 2019).

### **2.3. Limitations of Financial Reports and Performance Evaluation**

Despite their usefulness, financial statements have inherent limitations. They are historical in nature, rely on estimations and subjective judgments, and are generally designed for broad use rather than tailored to specific needs. Furthermore, the use of technical accounting terms may limit the accessibility of information (Nirawati et al., 2022). These limitations highlight the importance of complementing financial reports with additional tools such as ratio analysis, especially for assessing financial performance—a key aspect in determining how well a company meets its objectives (Astuti & Lestari, 2024).

### **2.4. Financial Performance and Its Implications**

Financial performance reflects how well a company's management utilizes resources to achieve strategic goals. Effective financial performance contributes significantly to increasing firm value, which is of primary concern to investors and stakeholders (Hastuti, 2024). Ratio analysis helps identify trends and financial health by evaluating past, current, and projected data (Samboh et al., 2023; Zub, 2023). A comprehensive analysis can uncover key insights and serve as the basis for predicting future performance, thus supporting sound managerial decision-making (Wardani, Nirawati, & Djasuli, 2023).

### **2.5. Types of Financial Statements**

A complete financial reporting package typically includes several types of reports. The balance sheet provides a snapshot of the company's financial position, while the income statement shows profitability over a given period (Dohiya, 2020). The statement of changes in equity reflects fluctuations in the company's net assets. Cash flow statements track inflows and outflows of funds, and the accompanying notes offer further explanations on significant items. Together, these components give a holistic view of the firm's financial condition and are used for both operational and strategic evaluations.

### **2.6. Financial Ratio Analysis and Its Role**

Financial ratio analysis is a method of comparing accounts within the balance sheet and income statement to interpret financial performance. This process helps link various elements of financial reports to reveal the underlying strengths and weaknesses of the business (Destiani & Hendriyani, 2022; Zub, 2023). Ratios provide a straightforward way to communicate complex financial relationships and evaluate financial soundness, efficiency, and profitability, which are all essential for stakeholder assessments and corporate strategy planning.

### **2.7. Financial Ratios: Types and Industry Standards**

Financial ratios are generally grouped into categories such as liquidity, solvency, and profitability. Liquidity ratios, including current and quick ratios, measure a firm's ability to meet short-term obligations (Destiani & Hendriyani, 2022; Tarigan et al., 2022). Solvency ratios, such as debt-to-asset and debt-to-equity, assess long-term financial stability and capital structure (Kurniawan & Nugroho, 2020; Hassan & Shama, 2021). These ratios serve as vital benchmarks against industry standards, helping evaluate the company's financial health and resilience during

economic uncertainties (Gunduz & Yilmaz, 2019; Prasetyo et al., 2024). Regular monitoring of these indicators is essential for sustaining operational continuity and long-term success.

## **2.8. Hypotheses**

**Several studies have examined** various financial factors influencing company performance across different sectors. Setiawan and Kurniasih (2020) found that both raw material costs and labor costs significantly affect net profit at PT Satwa Prima Utama, with statistical tests confirming these variables' strong impact from 2011 to 2018. Meanwhile, Junus and Abdullah (2018) explored the relationship between managerial competence, internal control systems, and government financial performance in Gorontalo Province, revealing a positive but statistically insignificant direct effect of internal controls on financial outcomes. Utiahrman (2018) analyzed inventory turnover's impact on cash flow at PT Rocky Mitra Bangunan, concluding that increased inventory turnover and cash sales accelerate cash inflows. Nirawati et al. (2022) applied liquidity, activity, and solvency ratios to evaluate PT Perusahaan Gas Negara's financial health, uncovering inefficiencies in asset use and solvency risks despite adequate short-term liquidity. Similarly, Nur'Aini et al. (2018) studied Food and Beverage companies listed on the Indonesia Stock Exchange, identifying return on equity (ROE) as a significant predictor of stock returns, while current ratio and debt-to-equity ratio showed no significant effect individually or collectively. Zub (2023) assessed cement companies' financial performance through liquidity and profitability ratios, finding satisfactory liquidity but suboptimal profitability. Pakaya et al. (2023) highlighted leverage ratios exceeding industry norms in trading companies, suggesting varying debt management strategies. Wulandari and Darwis (2019) found that PT Marino Berto Tbk's financial ratios were below industry averages, with profitability declines pointing to liquidity concerns. Purwanti (2021), through a literature review, emphasized liquidity and leverage as significant determinants of financial performance, while firm size appeared irrelevant. Finally, Destiani and Hendriyani (2022) demonstrated mixed financial health in PT Unilever Indonesia Tbk, where liquidity and solvency lagged behind industry standards but profitability exceeded them. Collectively, these studies underscore the multifaceted nature of financial performance, shaped by cost management, liquidity, solvency, and profitability metrics across diverse organizational contexts.

The influence of liquidity ratios on corporate financial performance shows that, partially, liquidity ratios do not have a significant effect on financial performance simultaneously. These liquidity ratios are unable to cover the company's short-term liabilities, which is due to the high current debt compared to the company's current assets (Siswohadi & Sari, 2022).

According to Mutmainah (2022), liquidity ratios such as the current ratio and quick ratio are very low, indicating that the company faces difficulties in meeting its short-term obligations. Based on liquidity ratio analysis, this suggests the need for greater attention in financial management to improve the company's ability to fulfill its financial obligations.

Afifah (2024) found that liquidity ratios reflect poor capability, where high debt levels affect the company's ability to meet short-term obligations, especially regarding the ability to repay existing debts. Based on previous research, the hypotheses proposed in this study are as follows: **H1:** It is suspected that the financial performance of PT Multi Bintang Indonesia Tbk, viewed from liquidity, is not yet capable of repaying its debts.

**H2:** It is suspected that the financial performance of PT Delta Djakarta Tbk, viewed from liquidity, is not yet capable of repaying its debts.

Solvency ratios increased after acquisitions, indicating a higher proportion of debt financing. This suggests that the company faces difficulties in using total assets to meet its debt obligations (Zamani, 2024). Solvency ratios above industry standards indicate that the company carries a high level of debt relative to its assets and equity. This implies challenges in meeting long-term liabilities, which may affect the company's ability to repay debts (Paulina, 2023).

Barney (2019) found that companies with high solvency ratios but struggling to pay debts often face increased financial risk due to heavy reliance on debt. High solvency ratios indicate that the company has more debt compared to equity, which limits financial flexibility and raises bankruptcy risk. Based on prior studies, the hypotheses proposed are:

**H3:** It is suspected that the financial performance of PT Multi Bintang Indonesia Tbk, viewed from solvency, is not yet capable of repaying its debts.

**H4:** It is suspected that the financial performance of PT Delta Djakarta Tbk, viewed from solvency, is not yet capable of repaying its debts.

### **3 Research Method**

This study was conducted on two companies listed on the Indonesia Stock Exchange (IDX), specifically PT Multi Bintang Indonesia Tbk and PT Delta Djakarta Tbk, covering a period of five years from 2019 to 2023. Unlike other research that utilizes sampling techniques, this study focuses exclusively on these two companies due to the availability of complete and legally accessible financial data through the official IDX website. Other local firms, such as PT Hatten Bali Tbk, are excluded because they are not major players listed on IDX and thus do not provide publicly accessible financial reports. Similarly, smaller companies like PT Jobubu Jarum Minahasa Tbk are not included due to their unlisted status, limiting data access. The data collection phase was conducted over two months following the seminar approval of the research proposal.

The research investigates two main financial aspects: liquidity and solvency. Liquidity ratios measure the company's ability to meet short-term obligations. The **current ratio** assesses how well the company can cover its short-term debts with its current assets. The **quick ratio** refines this by excluding inventory from current assets to give a stricter measure of immediate liquidity, reflecting the company's ability to pay off short-term liabilities without relying on the sale of inventory. According to Dewi et al. (2019), these ratios are fundamental for evaluating a company's short-term financial health.

On the other hand, solvency ratios evaluate the company's ability to meet both short-term and long-term liabilities, especially in the context of liquidation. The **debt to asset ratio** indicates the proportion of the company's assets financed by debt, highlighting the financial risk tied to leverage. The **debt-to-equity ratio** compares total debt to shareholders' equity, demonstrating the company's financial leverage and how much creditor financing is used relative to owner's capital. These ratios help in assessing the company's long-term financial stability and risk (Dewi et al., 2019).

The data used are secondary quantitative data derived from the companies' annual financial statements over the five-year span. Key financial variables include current assets, current

liabilities, inventory, total debt, total assets, and total equity. Data collection involved documentation methods, gathering financial statements from official IDX publications and supporting academic literature.

Financial ratio analysis was applied to assess the companies' performance. Liquidity ratios (current ratio and quick ratio) were calculated to evaluate short-term financial health, while solvency ratios (debt to asset and debt to equity ratios) assessed long-term financial sustainability and leverage. This multi-year ratio analysis provides insights into the companies' ability to generate profits, manage liabilities, and sustain operational stability.

**Table 1.** Operational Definitions and Formulas of Variables

No	Variable	Definition	Formula
1	Current Ratio	Measures the company's ability to pay short-term obligations using current assets	$\text{Current Ratio} = (\text{Current Assets} / \text{Current Liabilities}) \times 100\%$
2	Quick Ratio	Measures the company's ability to pay short-term obligations excluding inventory	$\text{Quick Ratio} = ((\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}) \times 100\%$
3	Debt to Asset Ratio	Indicates the proportion of assets financed through debt	$\text{Debt to Asset Ratio} = (\text{Total Debt} / \text{Total Assets}) \times 100\%$
4	Debt to Equity Ratio	Compares total debt to shareholders' equity, showing financial leverage	$\text{Debt to Equity Ratio} = (\text{Total Debt} / \text{Total Equity}) \times 100\%$

## 4 Results and Discussions

### 4.1. Results

This study delves into the financial performance of two prominent Indonesian companies: PT Multi Bintang Indonesia Tbk and PT Delta Djakarta Tbk.

#### a. PT Multi Bintang Indonesia Tbk (MLBI)

Established in 1971, PT Multi Bintang Indonesia quickly focused on producing international-quality beer. Their initial offering was the globally renowned Heineken brand, which they diligently introduced to the Indonesian domestic market in their early years (Pratama, 2020). MLBI officially listed its shares on the Indonesia Stock Exchange (IDX) on December 15, 1981, under the ticker symbol MLBI. Originally founded on June 3, 1929, in Medan, North Sumatra, as *Nederlandsch-Indische Bierbrouwerijen*, the company transformed into PT Multi Bintang Indonesia Tbk after its IPO and became part of the Heineken group. Since its initial listing, MLBI's shares have undergone structural changes, notably a 1:100 stock split on November 6, 2014. This action dramatically increased the number of outstanding shares from approximately 21 million to over 2.1 billion, reducing the par value per share from Rp 1,000 to Rp 10. Today, MLBI is traded on the IDX's main board, recognized as a leading issuer in the consumer goods sector, particularly alcoholic beverages (Rudianto, 2021).

PT Multi Bintang Indonesia Tbk envisions creating an exceptional positive impact on Indonesia through its performance, brands, and human resources. Their mission is to build a robust brand portfolio, excel in quality, service, and sustainability, and become a highly

reputable and responsible Indonesian beverage company with a leading portfolio of beer and non-alcoholic beverages. Below is a summary of the financial statement data crucial for calculating liquidity and solvency ratios for PT Multi Bintang Indonesia Tbk from 2019 to 2023.

**Table 2.** Liquidity and solvency ratios for PT Multi Bintang Indonesia Tbk from 2019 to 2023.

Year	Cash (IDR)	Inventory (IDR)	Total Current Assets (IDR)	Total Long-Term Debt (IDR)	Total Current Liabilities (IDR)	Total Equity (IDR)
2019	2,896,950	165,633	1,162,802	162,250	1,588,693	1,146,007
2020	2,907,425	171,037	1,189,261	135,578	1,338,441	1,433,406
2021	3,229,775	208,324	1,241,112	140,160	1,682,700	1,099,157
2022	3,374,502	267,023	1,644,257	146,450	2,154,777	1,073,275
2023	3,407,442	209,196	1,733,206	145,542	1,870,445	1,391,455

Source: Data processed 2025.

#### b. PT Delta Djakarta Tbk (DLTA)

PT Delta Djakarta is a prominent distribution company primarily operating in the food and beverage industry. With a rich history dating back to 1975, the company has steadily grown into a major player in Indonesia's distribution sector. Founded in 1975, PT Delta Djakarta's initial focus was to provide high-quality and reliable food and beverage products to the domestic market, steadily expanding its operations. On February 27, 1984, PT Delta Djakarta officially listed its shares on the Jakarta Stock Exchange (now the Indonesia Stock Exchange, IDX). They offered 347,400 common shares at an initial public offering price of Rp 2,950 per share, raising approximately Rp 1.02 billion. After the IPO, the total outstanding shares amounted to around 3,240,000, with PT Merincorp, PT Multicorp, and PT Danareksa serving as underwriters.

PT Delta Djakarta's vision is to be Indonesia's leading distribution company, consistently delivering high-quality products and efficiently meeting market demands. They are committed to continuous innovation in distribution and logistics, prioritizing customer satisfaction and expanding their extensive distribution network across Indonesia. This vision reflects their aspiration to not only lead the distribution industry but also to create added value for business partners and consumers through quality products and optimal services. Below is a summary of the financial statement data crucial for calculating liquidity and solvency ratios for PT Delta Djakarta Tbk from 2019 to 2023.

**Table 2.** Liquidity and solvency ratios for PT Delta Djakarta Tbk from 2019 to 2023.

Year	Cash (IDR)	Inventory (IDR)	Total Current Assets (IDR)	Total Long-Term Debt (IDR)	Total Current Liabilities (IDR)	Total Equity (IDR)
2019	1,425,983,722	207,860,469	1,292,805,083	51,833,027	160,587,363	1,213,563,332

Year	Cash (IDR)	Inventory (IDR)	Total Current Assets (IDR)	Total Long-Term Debt (IDR)	Total Current Liabilities (IDR)	Total Equity (IDR)
2020	1,225,580,913	185,922,488	1,103,831,856	58,474,274	147,207,676	1,019,898,963
2021	1,334,586,849	173,367,092	1,174,393,432	54,341,242	244,206,806	1,010,174,017
2022	1,307,186,367	194,145,863	1,165,421,820	51,056,316	255,354,186	1,000,775,865
2023	1,208,050,010	190,810,916	1,060,254,527	56,899,582	216,736,168	934,414,260

Source: Data processed 2025.

Based on the theoretical framework outlined in the previous chapter, this section evaluates financial performance using liquidity and solvency ratios. Specifically, **current ratio** and **quick ratio** are used to measure liquidity, while **debt to asset ratio** and **debt to equity ratio** are employed to assess solvency. This analysis utilizes company financial data from 2019 to 2023.

### 1. Current Ratio

According to Sari et al. (2022), the **current ratio** provides insight into a company's ability to meet its short-term obligations. This ratio is calculated by dividing **total current assets by total current liabilities**.

**Table 4.** PT Multi Bintang Indonesia Tbk Current Ratio (2019-2023)

Year	Current Ratio
2019	73%
2020	88%
2021	98%
2022	76%
2023	92%
<b>Average</b>	<b>86%</b>
<b>Industry Standard</b>	<b>200%</b>

Source: Data processed 2025.

PT Multi Bintang Indonesia Tbk's **Current Ratio** fluctuated between 2019 and 2023. Starting at **73%** in 2019, it rose to **88%** in 2020 and further to **98%** in 2021, indicating an improving short-term liquidity position. However, it then dropped to **76%** in 2022 before recovering to **92%** in 2023. The average current ratio for this period stands at **86%**. Crucially, the company's current ratio consistently remained **below the industry standard of 200%**, suggesting that its financial performance in terms of short-term liquidity needs improvement. This indicates that for every 100% of current liabilities, only 73% to 98% (depending on the year) of current assets are available to cover them.

## 2. Quick Ratio

Sari et al. (2022) state that the **quick ratio** offers a more conservative view of a company's liquidity compared to the current ratio. This is because **inventory, which may not be easily converted to cash, is excluded from the calculation**. It measures a company's ability to meet short-term obligations without relying on inventory.

**Table 5.** PT Multi Bintang Indonesia Tbk Quick Ratio (2019-2023)

Year	Quick Ratio
2019	62%
2020	76%
2021	87%
2022	64%
2023	81%
<b>Average</b>	<b>74%</b>
<b>Industry Standard</b>	<b>150%</b>

Source: Data processed 2025.

The **Quick Ratio** for PT Multi Bintang Indonesia Tbk mirrored the trend of the current ratio. It started at **62%** in 2019, increased to **76%** in 2020, and peaked at **87%** in 2021. Subsequently, it decreased to **64%** in 2022 before rising again to **81%** in 2023. The average quick ratio over this period was **74%**. Similar to the current ratio, the company's quick ratio remained **below the industry standard of 150%**, further highlighting the need for improved financial performance in immediate liquidity. This means that for every 100% of current liabilities, only 62% to 87% (depending on the year) of quick assets are available to cover them.

## 3. Debt to Asset Ratio

According to Sari et al. (2022), the **debt to asset ratio** is used to measure the proportion of a company's assets financed by debt. This ratio indicates the extent to which a company relies on debt to fund its assets.

**Table 6.** PT Multi Bintang Indonesia Tbk Debt to Asset Ratio (2019-2023)

Year	Debt to Asset Ratio
2019	66%
2020	55%
2021	55%

Year	Debt to Asset Ratio
2022	72%
2023	63%
<b>Average</b>	<b>63%</b>
<b>Industry Standard</b>	<b>35%</b>

Source: Data processed 2025.

PT Multi Bintang Indonesia Tbk's **Debt to Asset Ratio** showed volatility from 2019 to 2023. It was **66%** in 2019, then decreased to **55%** in both 2020 and 2021, suggesting a reduced reliance on debt. However, it sharply increased to **72%** in 2022 before falling to **63%** in 2023. The average debt to asset ratio for the period was **63%**. This consistently remained **above the industry standard of 35%**, indicating that the company relies heavily on debt to finance its assets, which may pose a higher financial risk and suggests a need for improved financial structure.

#### 4. Debt to Equity Ratio

Sari et al. (2022) explain that the **debt-to-equity ratio** measures the comparison between a company's total debt and its equity. This ratio indicates the extent to which a company uses debt to finance its operations compared to using owner's funds. A higher ratio can signify a greater level of risk for shareholders.

**Table 7.** PT Multi Bintang Indonesia Tbk Debt to Equity Ratio (2019-2023)

Year	Debt to Equity Ratio
2019	166%
2020	112%
2021	112%
2022	228%
2023	155%
<b>Average</b>	<b>155%</b>
<b>Industry Standard</b>	<b>90%</b>

Source: Data processed 2025.

The **Debt-to-Equity Ratio** for PT Multi Bintang Indonesia Tbk displayed significant fluctuations. Starting at **166%** in 2019, it decreased to **112%** in both 2020 and 2021. However, it then surged to an alarming **228%** in 2022 before declining to **155%** in 2023. The average debt

to equity ratio for the period was **155%**. This consistently remained **above the industry standard of 90%**, indicating a high reliance on debt relative to equity. This elevated ratio suggests a higher financial risk for shareholders and a clear need for improvement in the company's capital structure.

**Table 8.** PT Delta Djakarta Tbk Current Ratio (2019-2023)

Year	Current Ratio
2019	805%
2020	749%
2021	609%
2022	456%
2023	489%
<b>Average</b>	<b>594%</b>
<b>Industry Standard</b>	<b>200%</b>

Source: Data processed 2025.

PT Delta Djakarta Tbk's **Current Ratio** consistently demonstrates strong short-term liquidity. While starting exceptionally high at **805%** in 2019, it experienced a gradual decline to **749%** in 2020, **609%** in 2021, and **456%** in 2022, before slightly rebounding to **489%** in 2023. Despite this downward trend, the average current ratio of **594%** remains significantly **above the industry standard of 200%**. This indicates excellent financial performance in meeting short-term obligations, with a substantial buffer of current assets to cover current liabilities.

**Table 9.** PT Delta Djakarta Tbk Quick Ratio (2019-2023)

Year	Quick Ratio
2019	675%
2020	623%
2021	519%
2022	380%
2023	401%
<b>Average</b>	<b>520%</b>

Year	Quick Ratio
<b>Industry Standard</b>	<b>150%</b>

Source: Data processed 2025.

Similar to its current ratio, PT Delta Djakarta Tbk's **Quick Ratio** also exhibits robust immediate liquidity. It began at a very high **675%** in 2019 and followed a decreasing trend, reaching **623%** in 2020, **519%** in 2021, and **380%** in 2022, before a slight increase to **401%** in 2023. The average quick ratio of **520%** is substantially **above the industry standard of 150%**. This confirms strong financial health in the company's ability to cover short-term liabilities without relying on inventory, highlighting a commendable liquidity position.

**Table 10.** PT Delta Djakarta Tbk Debt to Asset Ratio (2019-2023)

Year	Debt to Asset Ratio
2019	18%
2020	21%
2021	23%
2022	27%
2023	27%
<b>Average</b>	<b>24%</b>
<b>Industry Standard</b>	<b>35%</b>

Source: Data processed 2025.

PT Delta Djakarta Tbk's **Debt to Asset Ratio** demonstrates a healthy and conservative approach to financing. It started at **18%** in 2019 and showed a slight upward trend, reaching **21%** in 2020, **23%** in 2021, and then stabilizing at **27%** in both 2022 and 2023. The average debt to asset ratio for this period is **24%**, which is consistently **below the industry standard of 35%**. This indicates that a relatively small proportion of the company's assets are financed by debt, signifying a strong and secure financial structure in terms of long-term solvency.

**Table 11.** PT Delta Djakarta Tbk Debt to Equity Ratio (2019-2023)

Year	Debt to Equity Ratio
2019	21%
2020	25%
2021	29%

Year	Debt to Equity Ratio
2022	35%
2023	35%
<b>Average</b>	<b>29%</b>
<b>Industry Standard</b>	<b>90%</b>

Source: Data processed 2025.

The **Debt-to-Equity Ratio** for PT Delta Djakarta Tbk consistently indicates a low reliance on debt relative to shareholder equity. Starting at **21%** in 2019, it gradually increased to **25%** in 2020, **29%** in 2021, and then reached **35%** in both 2022 and 2023. The average debt to equity ratio for the period is **29%**, which is significantly **below the industry standard of 90%**. This reflects a robust financial position where the company primarily funds its operations through owner's capital, thus presenting a lower risk profile to shareholders and a strong capacity to meet its long-term obligations.

## 4.2. Discussions

Based on the findings presented earlier, this study evaluates the financial performance of companies listed on the Indonesia Stock Exchange using liquidity and solvency ratios. The analysis focuses on two companies, providing a nuanced view that sometimes contrasts with previous studies such as Amelia (2019), who also examined liquidity and solvency ratios within the industrial sector but reported different outcomes.

### 1. Financial Performance Evaluation Using Liquidity Ratios

The liquidity analysis reveals distinct differences between the two companies. PT Multi Bintang Indonesia Tbk consistently recorded liquidity ratios below the industry standard during the 2019–2023 period, supporting the hypothesis that the company struggles to meet its short-term obligations. In contrast, PT Delta Djakarta Tbk demonstrated liquidity ratios above industry benchmarks, leading to a rejection of the hypothesis for this company (Pratama, 2020). The acceptance of the hypothesis for PT Multi Bintang Indonesia Tbk is primarily due to its low liquidity ratios, indicating potential difficulties in managing current liabilities. Conversely, PT Delta Djakarta's higher liquidity ratios reflect a stronger short-term financial position (Pratama, 2020). These findings align with Wulandari & Darwis (2019), who found that PT Marino Berto Tbk's liquidity performance lagged behind industry averages, despite relatively safe current and quick ratios. Similarly, Destiani & Hedriani (2022) reported subpar liquidity ratios for PT Unilever Indonesia Tbk, underscoring challenges in meeting short-term obligations. Further, Siswohadi & Sari (2020) noted that liquidity ratios had an insignificant partial effect on financial performance, pointing to a failure of liquidity ratios to adequately cover short-term liabilities due to a high current debt load relative to current assets. Mutmainah (2022) reinforced this by highlighting alarmingly low current and quick ratios, signaling the urgent need for improved financial management to

better meet short-term financial commitments. Afifah (2020) similarly concluded that poor liquidity performance and high debt levels undermine a company's ability to fulfill short-term obligations, particularly in repaying debts.

## **2. Financial Performance Evaluation Using Solvency Ratios**

Turning to solvency, the study observed that PT Multi Bintang Indonesia Tbk exhibited solvency ratios exceeding industry standards over the 2019–2023 period. This supports the hypothesis that the company struggles to meet long-term obligations, reflecting an unstable financial position. Conversely, PT Delta Djakarta Tbk's solvency ratios were below the industry average, leading to rejection of the hypothesis for this company (Pratama, 2020). The high solvency ratios of PT Multi Bintang Indonesia Tbk suggest a heavy reliance on debt financing, resulting in financial instability. In contrast, PT Delta Djakarta Tbk's lower solvency ratios indicate a more balanced capital structure and better capacity to fulfill long-term liabilities. These results are corroborated by Wulandari & Darwis (2019), who showed that PT Marino Berto Tbk's solvency ratios surpassed industry averages but still reflected an overall weak financial condition despite safe debt-to-asset and debt-to-equity ratios. Destiani & Hedriyani (2022) also highlighted similar concerns. More recent studies support these conclusions: Zamani (2024) observed that solvency ratios increased post-acquisition, reflecting a greater debt funding proportion and indicating challenges in using assets to cover liabilities. Paulina (2023) pointed out that solvency ratios above industry norms imply elevated debt levels relative to assets and equity, hampering long-term debt repayment capacity. Finally, Barney (2019) emphasized that even companies with high solvency ratios may face debt repayment difficulties due to excessive reliance on debt financing. Such dependence increases financial risk, reduces financial flexibility, and heightens bankruptcy risk, underscoring the critical importance of balanced capital management.

## **5 Conclusions**

Based on the financial ratio analysis conducted on PT Multi Bintang Indonesia Tbk, it can be concluded that the company's liquidity and solvency performance is categorized as poor. Specifically, the current ratio and quick ratio indicate that the company struggles to finance its short-term debts, while the debt-to-asset and debt-to-equity ratios reveal difficulties in managing and repaying long-term obligations. This suggests a need for better financial management to improve the company's ability to cover its liabilities. In contrast, PT Delta Djakarta Tbk demonstrates strong financial health. The liquidity ratios show the company can comfortably meet its short-term debts, and its solvency ratios indicate a solid capacity to handle long-term financial obligations. These results reflect sound capital and asset management, positioning the company in a better financial state.

Therefore, it is recommended that PT Multi Bintang Indonesia Tbk improve its financial management, especially in asset and equity utilization, to enhance its debt repayment capacity. Additionally, future research should broaden its scope to include other sectors such as trading, manufacturing, and services, and utilize the most up-to-date and comprehensive financial data available to provide more generalizable and accurate insights into corporate financial performance.

However, this study has limitations. The research only analyzed two companies within the industrial sector, which limits the generalizability of the findings to other sectors or a broader population. Additionally, the study relied solely on publicly available financial reports, which may not capture all aspects of the companies' financial health or underlying operational factors.

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