

**Analysis of Liquidity, Solvency, and Profitability Ratios to Measure Financial
Performance of PT Tower Bersama Tbk for the Period 2017–2019**

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Abstract

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This study analyzes the financial performance of PT Tower Bersama Tbk (TBIG) for the period 2017–2019 using financial ratio analysis, focusing on liquidity, solvency, and profitability aspects. Financial ratios are essential tools for evaluating a company's financial health, operational efficiency, and long-term stability. The research adopts a quantitative descriptive method and uses secondary data obtained from the company's published annual financial statements available on the Indonesia Stock Exchange (IDX) and the company's official website. The analysis covers three main ratio categories: (1) Liquidity Ratios—Current Ratio and Quick Ratio, which measure the company's ability to meet short-term obligations; (2) Solvency Ratios—Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER), which assess financial leverage and the company's capacity to meet long-term liabilities; and (3) Profitability Ratios—Net Profit Margin (NPM), Return on Assets (ROA), and Return on Equity (ROE), which evaluate the company's efficiency in generating profits from assets and equity. The results indicate that TBIG maintained a stable liquidity position throughout the study period, despite fluctuations in current assets and liabilities. The solvency analysis reveals that the company relied moderately on debt financing to support network expansion while maintaining leverage within industry standards. Furthermore, the profitability ratios showed positive trends, particularly in ROA and ROE, suggesting effective asset utilization and strong management performance in optimizing revenues and controlling costs. Overall, the study concludes that PT Tower Bersama Tbk demonstrated solid financial performance and operational efficiency during 2017–2019.

Keywords:

Financial Performance, Liquidity Ratio, Solvency Ratio, Profitability Ratio, PT Tower Bersama Tbk (TBIG), Financial Statement Analysis.

Introduction

The increasingly competitive business environment requires every company to maintain stable and sustainable financial performance. In today's era of globalization and technological advancement, companies must be able to manage their resources efficiently in order to survive and grow amidst intense competition. One of the main ways to evaluate how well a company performs financially is through financial statement analysis. Financial statements serve as an essential tool for management,

investors, creditors, and other stakeholders to objectively assess a company's financial condition and overall performance.

A widely used method in financial statement evaluation is financial ratio analysis. Financial ratios provide insights into a company's ability to manage its assets, liabilities, and capital to generate profits. By analyzing financial ratios, management can assess the effectiveness of financial policies that have been implemented and make informed decisions to improve future performance.

Financial ratios are commonly divided into several key categories, including liquidity ratios, solvency ratios, and profitability ratios. Liquidity ratios describe a company's ability to meet its short-term obligations using its current assets. Solvency ratios indicate the company's capacity to meet long-term obligations and the degree to which it relies on external financing. Meanwhile, profitability ratios measure the company's ability to generate profit from its operational activities. These three groups of ratios provide a comprehensive picture of a company's overall financial condition. This study focuses on PT Tower Bersama Tbk(TBIG), one of the largest telecommunication infrastructure providers in Indonesia. The company plays an important role in supporting the development of the national telecommunications network by providing towers and related infrastructure for cellular operators. With the increasing demand for data services and digital connectivity, PT Tower Bersama Tbk(TBIG) has experienced significant business growth in recent years. However, external challenges such as technological changes, industry competition, and global economic conditions can affect the company's financial performance.

The period 2017-2019 was selected because it represents a dynamic time frame beginning with the impacts of the COVID-19 pandemic and continuing through the phase of economic recovery accompanied by rising demand for digital infrastructure. Through an analysis of liquidity, solvency, and profitability ratios during this period, this study aims to determine the extent to which PT Tower Bersama Tbk has been able to maintain financial stability, effectively manage its debt, and achieve optimal profitability. Therefore, the results of this research are expected to provide a clear overview of PT Tower Bersama Tbk's(TBIG) financial condition and serve as a useful reference for the company's management in making future strategic decisions. In addition, this study is expected to contribute to investors and academics by demonstrating the importance of financial ratio analysis as a tool for comprehensively assessing a company's financial performance.

Theoretical Framework

Financial performance analysis is an essential process that helps measure a company's success in managing its resources efficiently to achieve profitability and sustainability. According to Kasmir (2019), financial ratios are analytical tools used to evaluate various aspects of financial performance, including liquidity, solvency, and profitability. These ratios provide a comprehensive view of the company's short-term stability, long-term financial strength, and profit-generating ability.

The liquidity ratio, represented by the *Current Ratio (CR)* and *Quick Ratio (QR)*, indicates a company's ability to meet its short-term obligations using current assets

(Hery, 2015). A high liquidity ratio reflects financial flexibility, while a very low ratio may indicate potential difficulties in meeting short-term liabilities.

The solvency ratio, measured using the *Debt to Asset Ratio (DAR)* and *Debt to Equity Ratio (DER)*, assesses a company's long-term ability to meet obligations and its reliance on debt financing (Fahmi, 2017). A balanced solvency ratio suggests an optimal capital structure, while excessive leverage increases financial risk.

Finally, profitability ratios, such as *Net Profit Margin (NPM)*, *Return on Assets (ROA)*, and *Return on Equity (ROE)*, measure management's effectiveness in generating profit relative to sales, assets, and equity (Sujarweni, 2017). These ratios serve as key indicators of operational efficiency and investor confidence.

By combining these three ratio categories, researchers can evaluate the overall financial health of PT Tower Bersama Tbk (TBIG) and its ability to maintain financial stability, manage leverage, and achieve sustainable profitability during 2017–2019.

Liquidity Ratio and Current Ratio

According to Hery (2015:149), "the liquidity ratio is a ratio that shows a company's ability to meet its obligations or its ability to pay short-term debts." Similarly, Arief and Edi (2016:57) state that "the liquidity ratio is a ratio that aims to measure a company's ability to meet its short-term obligations." From these explanations, it can be concluded that the liquidity ratio is a financial ratio used to measure a company's capability to pay its short-term liabilities as they become due.

Current Ratio

According to Kasmir (2019:134), "the current ratio is a ratio used to measure the company's ability to pay short-term obligations or debts that are due soon, as a whole." Meanwhile, Sutrisno (2017:222) defines that "the current ratio is a ratio that compares the company's current assets with its short-term liabilities."

Based on these opinions, it can be concluded that the current ratio, also known as the working capital ratio, is one of the most commonly used liquidity ratios to measure a company's ability to fulfill its short-term obligations. A high current ratio indicates a better ability to secure short-term debt payments. However, an excessively high ratio may also suggest inefficient use of working capital because too many current assets are tied up in non-productive forms. According to Kasmir (2019:135).

Quick Ratio

According to Kasmir (2019:136) "the quick ratio is a ratio that shows the company's ability to pay its short-term debts or liabilities (current liabilities) with current assets without taking into account the value of its inventory (inventory)". According to Sutrisno (2017:223) "the quick ratio is the ratio between current assets after deducting inventory with current liabilities.

This ratio shows the amount of liquid assets that can be used most quickly to pay off current liabilities". So it can be concluded that the quick ratio or quick ratio is a ratio to measure the company's ability to meet its obligations with the most liquid

assets owned by a company. This means that we ignore the value of inventory by subtracting it from the total value of current assets. According to Kasmir (2019:87).

Solvency Ratio

According to Fahmi (2017:87), "the solvency ratio provides an overview of a company's ability to meet and maintain its capability to fulfill its obligations in paying debts on time." Meanwhile, Periansya (2015:39) defines that "the solvency ratio or leverage ratio (debt ratio) is a ratio used to measure the extent to which a company's assets are financed by debt or financed by external parties.

" From these explanations, it can be concluded that the solvency ratio is a financial ratio that indicates whether a company is capable of meeting its long-term obligations. This ratio also reflects how strong a company's financial position and stability are. In other words, a high solvency ratio suggests that a company relies heavily on debt financing, while a lower solvency ratio indicates that the company's assets are mostly financed by internal equity. Therefore, the solvency ratio is an important measure used to evaluate a company's long-term financial health, its risk level, and its ability to sustain operations in the future.

Debt to Asset Ratio (DAR)

According to Kasmir (2019:158), "the debt to asset ratio is a debt ratio used to measure the proportion between total debt and total assets." Meanwhile, Van Horne and John M. (2014:170) define the "Debt to Asset Ratio (DAR) as a ratio that emphasizes the important role of debt financing for a company by showing the percentage of the company's assets that are supported by debt funding."

From the above explanations, it can be concluded that the Debt to Asset Ratio indicates the extent to which a company's assets are financed by debt, or the degree to which the company's debt affects asset management. If the ratio is high, it means that the company relies more on debt financing, which can make it more difficult for the company to obtain additional loans in the future. This is because creditors may worry that the company will not be able to repay its debts using its available assets. According to Kasmir (2019:158)

Debt to Equity Ratio (DER)

According to Kasmir (2019:159), "the debt to equity ratio is a ratio used to assess the proportion between total debt and total equity. This ratio is useful for determining the amount of funds provided by creditors compared to those provided by the company's owners." Meanwhile, Fahmi (2017:73) explains that "this measurement is used in financial statement analysis to observe the extent of guarantees available to creditors."

From these explanations, it can be concluded that the Debt to Equity Ratio (DER) is a financial ratio used to determine the proportion of funds supplied by creditors in comparison to the funds contributed by the company's owners. In other words, this ratio indicates how much the company's own capital is used as collateral for its debts. A higher DER means that the company uses less of its own equity and

relies more heavily on borrowed funds to finance its operations. This condition may increase the company's financial risk because it becomes more dependent on external funding sources. According to Kasmir (2019:158)

Profitability Ratios

According to Kasmir (2019:198), "profitability ratios are ratios used to measure a company's ability to generate profits." Furthermore, Sujarweni (2017:64) states that "profitability ratios are proportions used to measure a company's ability to earn profits in relation to sales, assets, income, and shareholders' equity."

From these explanations, it can be concluded that profitability ratios are financial ratios that provide a measure of the management effectiveness of a company in generating profit. The use of profitability ratios allows for the comparison between various components found in the financial statements – specifically, the balance sheet and the income statement. These ratios not only show the company's earning capability but also reflect how efficiently management utilizes the available resources to achieve profitability.

Return on Equity (ROE)

According to Kasmir (2019:206), "return on equity is a ratio used to measure net income after tax in relation to shareholders' equity. This ratio indicates the efficiency of the use of the company's own capital – the higher the ratio, the better." Similarly, Fahmi (2017:82) explains that "this ratio, also known as return on equity, examines the extent to which a company utilizes its resources to generate profit based on its equity."

Based on these opinions, it can be concluded that the Return on Equity (ROE) is a profitability ratio used to measure the amount of net profit generated from each rupiah of shareholders' equity invested in the company. In other words, this ratio reflects how effectively a company uses the capital invested by its owners to produce earnings. A higher ROE indicates better performance, as it shows that the company is more efficient in managing equity to generate higher returns for shareholders.

Net Profit Margin (NPM)

According to Kasmir (2019:202) "net profit margin is a profit by comparing profit after interest and taxes compared to sales, this ratio shows the company's net income from sales". According to Harjito & Martono (2018:60) "net profit margin is the sales profit after calculating all costs and income taxes". So it can be concluded that net profit margin is a ratio that shows the comparison of net profit after tax with sales. According to Kasmir (2019:202).

Method

This study uses a quantitative descriptive analysis method because this study is related to a certain period of time by collecting data and information related to the company and adjusted to the research objectives. Based on the explanation of Sugiyono (2017: 147) said that "Descriptive analysis is a statistic used to analyze data

by describing or depicting the data that has been collected as it is without intending to make conclusions that apply to the public or generalizations".

The population in this study is all financial reports of PT Tower Bersama Infrastructure Tbk Indonesia listed on the Indonesia Stock Exchange. In this study the sample used is the Balance Sheet and Profit and Loss Statement of PT Tower Bersama Infrastructure Tbk from 2017-2019. The data processing technique in this study is using Microsoft Excel. Data analysis that will be used in this study is the financial statement analysis method with a horizontal analysis model, namely by comparing financial statements for several periods (time series). The technique used in this study is financial ratio analysis. The data collection method in this study uses the documentation method or collecting data in the form of financial statement documents of PT Tower Bersama Infrastructure Tbk from 2017-2019.

Results and Discussion

The results of the research analysis have been calculated and can be explained in the following table:

Rasio liquiditas	2017	2018	2019	Rata-rata	Standar Industri Sejenis	Standar Industri Kasmir
CR	67,88%	19,17%	40,40%	42,48%	94,26%	200%
QR	66,87%	18,82%	40,01%	41,90%	40,18%	150%
Rasio solvabilitas						
DAR	87,56%	74,33%	82,10%	81,33%	68,56%	35%
DER	703,62%	691,23%	458,94%	617,93%	409,45%	90%
Profitabilitas						
ROE	22,71%	63,57%	15,68%	33,99%	-27,15%	40%
NPM	17,98%	54,17%	18,43%	30,19%	-2,20%	20%

Source: processed data

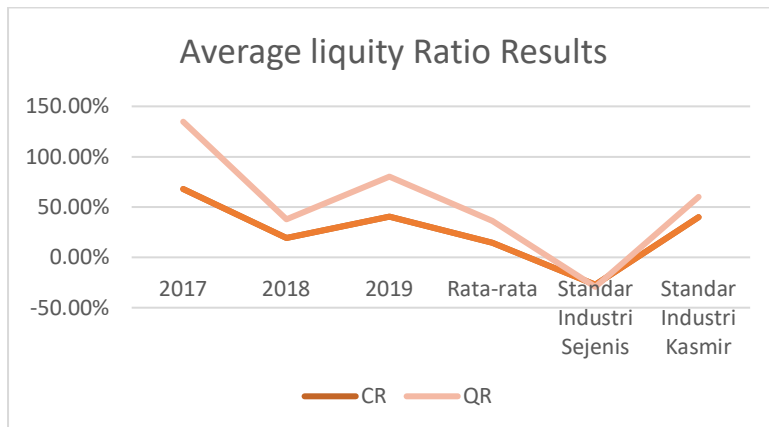


Figure 1. Average Liquidity Ratio Results

The average liquidity ratio of PT Tower Bersama Infrastructure Tbk for the period 2017 to 2019 includes the Current Ratio (CR) and Quick Ratio (QR). Based on the graph, it can be seen that the company's CR and QR values fluctuated each year but overall remained below the industry average and the standard set by Kasmir.

This condition indicates that the company's ability to meet its short-term obligations with its current assets is still relatively low or less liquid. In other words, the company has not yet reached the ideal level of liquidity according to industry standards. Therefore, PT Tower Bersama Infrastructure Tbk needs to improve the efficiency of its current asset management, such as cash, receivables, and inventories, in order to strengthen its financial position and maintain a better ability to meet its short-term obligations.

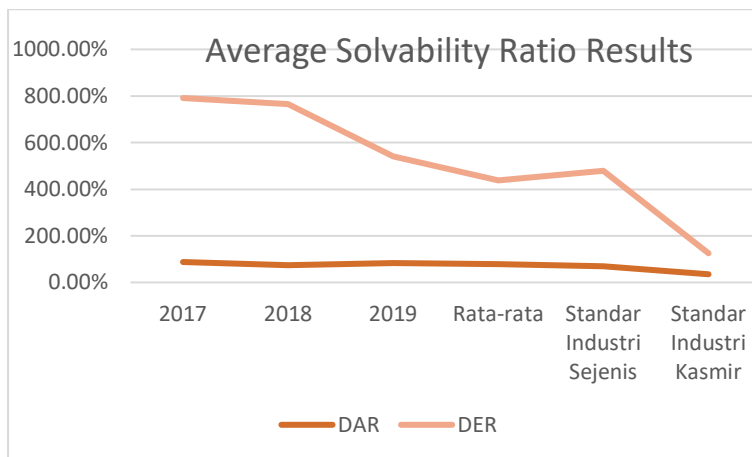


Figure 2. Average Solvency Ratio Results

The average solvency ratio results of PT Tower Bersama Infrastructure Tbk for the period 2017–2019 include the Debt to Assets Ratio (DAR) and Debt to Equity Ratio (DER). Based on the graph, both ratios show an upward trend over the years and are above the industry average (as well as the standard according to Kasmir) in the final period, indicating that the company uses a relatively high proportion of debt in its capital structure. This condition signifies an increase in leverage and solvency risk –

meaning the company's ability to bear and finance its long-term obligations becomes more vulnerable if cash flow decreases. Therefore, the company should consider steps such as reducing dependence on debt (through restructuring or partial debt repayment), increasing equity (for example, by retaining earnings), or improving profitability and operating cash flow to strengthen its solvency position and reduce long-term financial risk.

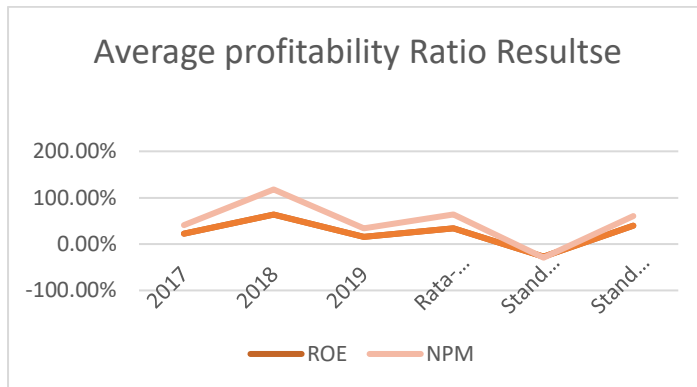


Figure 3. Average Profitability Ratio Results

The average profitability ratio results of PT Tower Bersama Infrastructure Tbk for the period 2017–2019 include the Return on Equity (ROE) and Net Profit Margin (NPM). Based on the graph, both ratios fluctuated each year and tended to decline toward the end of the period. Overall, the company's profitability level remained below the industry average and the standard set by Kasmir, indicating that the company's ability to generate profit from sales and shareholders' equity was still low. Therefore, the company needs to improve operational efficiency, control costs, and strengthen revenue to enhance its profitability and approach industry standards.

Discussion

Based on the analysis results, PT Tower Bersama Tbk's liquidity performance during 2017–2019 showed a fluctuating trend, with the *Current Ratio (CR)* and *Quick Ratio (QR)* remaining below the industry standard (Kasmir, 2019). This indicates that the company's ability to meet short-term obligations was relatively weak. The low liquidity level suggests that TBIG needs to improve cash flow management and optimize its working capital structure to ensure stronger short-term financial stability. In terms of solvency, both *Debt to Asset Ratio (DAR)* and *Debt to Equity Ratio (DER)* exceeded the standard values, indicating that the company relied heavily on debt to finance its operations and expansion. While this strategy supported rapid growth in telecommunication infrastructure, it also increased the company's financial leverage and long-term obligations. Despite this, TBIG maintained manageable risk levels by effectively allocating debt toward productive investments that generated returns.

Regarding profitability, both *Return on Equity (ROE)* and *Net Profit Margin (NPM)* displayed fluctuations throughout the research period. Although profitability was below the industry average, TBIG's strong revenue growth from increased tower

leasing activity demonstrated solid operational performance. The decrease in profitability toward 2019 was influenced by higher financing costs and operational expenses. Therefore, TBIG should focus on cost efficiency, operational optimization, and innovative service development to strengthen future profitability.

Overall, the analysis shows that PT Tower Bersama Tbk maintained a moderate level of financial stability, with strong growth potential despite certain weaknesses in liquidity and leverage management.

Conclusion

This study concludes that PT Tower Bersama Tbk (TBIG) exhibited stable but suboptimal financial performance during 2017–2019. The company's liquidity position remained below industry standards, suggesting the need for improved short-term asset management. Its solvency ratios indicated a relatively high dependence on debt financing, which, while supporting expansion, increased the company's long-term financial risk. However, profitability ratios such as ROE and NPM showed that TBIG was still capable of generating positive returns through efficient asset utilization and operational effectiveness.

Overall, TBIG demonstrated a solid foundation for sustainable growth in Indonesia's telecommunication infrastructure sector. The company should focus on optimizing working capital, balancing its capital structure, and implementing cost-control strategies to enhance profitability and financial resilience.

Future research may extend the analysis period or include comparative studies with other firms in the same industry to provide deeper insights into the sector's financial dynamics.

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